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FINANCIAL TIMES

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NEWS SUMMARY

GENERAL
Liberal 'plot' - Thorpe speaks
Jeremy Thorpe, the former Liberal leader, is to make a "considered statement" at a conference early next week on allegations of a plot to assassinate Mr. Norman Scott, his former friend.

Mr. Thorpe met Mr. David Steel, the Liberal leader, yesterday to discuss the claim that "a Liberal" had hired Mr. Andrew Newton, a pilot, to kill Scott.

Mr. Steel said he was concerned that a firm line should be taken between the investigation of an alleged criminal conspiracy which was being pursued by the police, and a general smear against the Liberal Party.

Mr. Thorpe insisted that no-one has "yet" stated that the alleged plot was a Liberal Party plot or part of a wider Liberal Party strategy. He said he was a candidate for Parliament, and he was not a member of the party's executive.

BUSINESS
Gold mine index loses 11.9: £ falls
EQUITIES were uncertain ahead of the money supply figures and the Chancellor's Mansion House speech. FT 30 share index ended 1.7 down at 1,158.9.

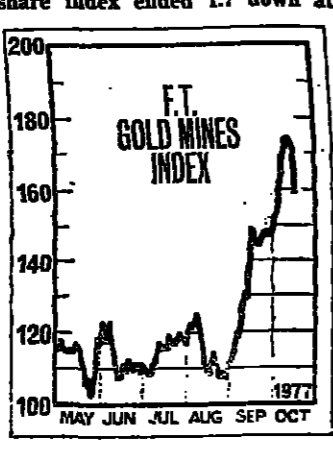
Gold Mines Index, at a 16-month high on Tuesday, registered its biggest percentage loss for a year, with a drop of 11.9 to 159.3, on fears of new unrest in South Africa.

GLITS were quiet. Short-term rates fell, as the Bank signalled it wished to see no further fall in short-term interest rates. Government Securities Index was unchanged at 77.48.

GOLD fell 5 1/2 to \$159 1/2.

DOLLAR showed marked improvement on indications that the U.S. Administration is not looking for a further depreciation. Its trade-weighted index narrowed to 1.05 (1.04) percent. Sterling fell 3 1/2 points to 159.3 with its trade-weighted index unchanged at 62.5. Back Page 2.00 at \$14.80.

U.S. money supply: M1 unchanged - seasonally adjusted average of \$334.1bn.; M2 \$799.4bn. (\$798.9bn.). Commercial and industrial loans at major banks up \$485m. (up \$134m.). Fed. funds 6.50 (6.41) per cent. 90-119 day commercial paper 6.59 (6.43) per cent.



Liberal loses \$25m. Cologne blaze
A spare parts depot of Ford in Cologne, West Germany, destroyed in a fire which caused damage worth more than \$25m. Ford said production at the Cologne plant would not be affected. Police said there were signs of arson.

Eric Varley, Industry Secretary, is believed to be deeply incensed by reports of a speech by Sir Richard Dobson at a businessmen's dinner at the chairman of British Land made remarks about "blackish people."

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British Oxygen may curtail investment
BRITISH OXYGEN may curtail a \$40m. investment programme at its five U.K. depots because of an unofficial stoppage of 3,000 hourly paid workers.

FORD MOTOR dayshift workers at the company's two main Dagenham plants decided to overworkingly to accept the offer of a 12 per cent pay rise.

ALFRED HERBERT, the State-owned machine-tool company, gave three months' notice that up to 480 workers at Edgewick, its main Coventry plant, could be made redundant.

IMPERIAL Metal Industries shares closed down 6 1/2 at 55p last night, as the market reacted to ICI's decision to offer its 63 per cent. holding in the company to the public. Offer price for the shares is 52p.

NORTHERN ENGINEERING Industries is offering a shares and cash mixture for International Combination Holdings which works out at 103p a share. The deal values ICH at £9.65m.

CENTRAL and Sheerwood lifted turnover by 18.5 per cent. to £31.28m. and pre-tax profits by 37.7 per cent. from £1.46m. to £2.01m. for the first half.

CHIEF PRICE CHANGES YESTERDAY
(Prices in pence unless otherwise indicated)

Company	Change
Adams and Gibbon	153 + 4
AVCO	153 + 6
BET Dtd	167 + 6
BH Prop.	450 + 25
Bishop's Stores	225 + 20
Burns Anderson	40 + 7
Carroll Leisure	214 + 8
Dover	545 - 10
Drax	132 + 9
Edwards	199 + 10
Electric	96 + 16
Electronics	482 + 10
Electric Prop.	140 + 6
Electricity	214 + 8
Electricity Genl.	82 + 12
Electricity	84 + 4
Electricity	850 + 8
Electricity	145 + 19

Healey says early action needed to keep U.K. on track

BY MICHAEL BLANDEN and PETER RIDDELL

Mr. Denis Healey, Chancellor of the Exchequer, set the scene last night for his Mini-Budget statement next Wednesday—arguing that unless early action were taken the U.K. would be off track and fail to make the contribution to world recovery expected by other countries.

Speaking at the Lord Mayor's Banquet at the Mansion House, Mr. Healey effectively gave the background to his statement without giving any details of the measures.

These are expected to include higher income tax allowances and further aid for the construction industry.

He specifically rejected the view that monetary constraints allow no scope for corrective action at all and that any fiscal expansion would feed through to higher prices rather than to higher output.

Mr. Gordon Richardson, Governor of the Bank of England, warned that any fiscal stimulus must "clearly be modest" and consistent with "prudence in the monetary sphere."

The date of the Mini-Budget was confirmed as next Wednesday, after a decision by the Cabinet yesterday morning. A further meeting early next week, probably on Monday, will be necessary to decide on final details, including a proposed Christmas bonus for pensioners.

Mr. Healey emphasised the opportunity to use some of the resources from "steady and sustainable" growth to reduce the burden of personal tax—and help to avoid the sort of excess in pay settlements which adds to prices and industrial costs.

The Chancellor pointed out that economic growth this year was likely to fall short of objectives.

Both the Chancellor and the Governor emphasised the commitment to the targets for domestic credit expansion and the growth of sterling M3. Mr. Richardson argued that monetary targets "should provide" a continuing and long-term constraint on the inflationary bias which our economy, along with others, has been shown to possess.

Mr. Richardson said that in spite of the encouraging headway made in the past year, inflation was "still far, far too high, both from the domestic standpoint and in comparison with our principal trading partners."

There must be no wavering in our resolve to bring inflation down. "not just in single figures, but well into single figures, and I am sure that this must require the continued assurance and discipline of living within appropriate monetary limits."

Mr. Healey stressed that the Government would not finance or otherwise abet excessive pay settlements either in the public or private sector. He said the Government's guidelines to negotiators were "not just a policy. They are plain statements of mathematical fact."

If the overall increase in earnings were "as high as 15 per cent. before long the inflation rate will start to rise again and our present prospects for employment, investment and growth will be at risk," Mr. Healey said.

Money supply rises sharply

BY MICHAEL BLANDEN

THE STRONG inflow of funds from abroad last month brought a sharp jump in the money supply, taking the growth so far this year to the top end of the Government's target range.

Mr. Gordon Richardson, Governor of the Bank of England, said last night that the figures carried "no implication of failure to meet our targets for the year."

In his speech at the bankers' dinner in the City, however, he stressed the importance of the monetary targets, adding that the present situation emphasised the need for "a sharp weather eye on present and possible future developments and the exercise of nice judgment."

The figures published yesterday showed that the sterling money stock on the wider definition (M3) leaped by nearly 2 1/2 per cent in the five weeks to mid-September.

Contrast

The total increased by £915m. on a seasonally adjusted basis, in sharp contrast with the previous month, when it was almost unchanged.

As a result, over the first five months of the current financial year, sterling M3 has risen by about 8 1/2 per cent, equal to an annual rate of increase of just under 13 per cent.

The Government's targets, in line with the commitments made to the International Monetary Fund on control of the monetary aggregates, are for the rise in sterling M3 to be between 9 and 13 per cent for the whole of the financial year.

Against this, the U.K. is still running well within the limits for domestic credit expansion. The main figure being monitored by the IMF, last month, was domestic credit grew by a modest £145m. seasonally adjusted, after falling in the previous two months.

Over the first five months of the year, domestic credit has totalled about £900m., compared with the ceiling of £770m. agreed with IMF for the full year.

The difference between the two figures last month mainly reflected the impact of the strong inflows into the private sector, which affect money supply but not domestic credit. The amount of inflows which went into sterling M3 was £795m.

Continued on Back Page

Five nations in search for Schleyer gang

BY JONATHAN CARR BONN, Oct. 20

AS WEST GERMANY honoured legislation which would be the memory of the industrialist, required.

Hanns-Martin Schleyer, an autopsy on Dr. Schleyer today the biggest police search in its history was launched for 16 people the Government named before being dumped in the boat of a car yesterday in the town of Mulhouse, Alsace. He was kidnapped 43 days earlier in Cologne by terrorists demanding the release of comrades in German jails.

Much of the West German public now appears in a state of emotional exhaustion. The tension surrounding Dr. Schleyer's kidnapping, however, which a Luftwaffe jet was hijacked last week by terrorists linked to the Schleyer case.

The elation which greeted the release of the hostages aboard the jet by a special commando unit was followed quickly by news that three hard-core members of the Baader-Meinhof group had committed suicide in their prison cells.

Herr Traugott Bender, the Justice Minister of Baden-Wuerttemberg, the state in which the terrorists had been held, resigned and an inquiry is being launched into the affair. The public prosecutor said the terrorists had set up a communication system in the prison.

Robert Maunzner, judge from Stuttgart, said the police unit to-day reinforced local police in the search for the terrorists who killed Dr. Schleyer.

The search was concentrated on the small towns of Cernay and Thann on the edge of the Vosges forest, the region where it is now believed the kidnapers may have held Dr. Schleyer for much of his 43 days' captivity.

The Schleyer affair, Page 4; Württemberg, the state in which the terrorists had been held, resigned and an inquiry is being launched into the affair. The public prosecutor said the terrorists had set up a communication system in the prison.

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The Schleyer affair, Page 4; Württemberg, the state in which the terrorists had been held, resigned and an inquiry is being launched into the affair. The public prosecutor said the terrorists had set up a communication system in the prison.

Changes in CBI policy on labour laws expected

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A MAJOR switch in the policy of the Confederation of British Industry on strike and other labour laws is expected to emerge next month when the CBI holds its first national conference and debates proposals for wide-ranging restrictions to be introduced on trade union activities.

This became clear yesterday when the CBI published its policy document for the conference which proposes a series of new restrictions but is cautious about how strongly they should be pressed.

At the same time, the CBI published an agenda of nearly 100 resolutions for the conference which proposes a series of new restrictions but is cautious about how strongly they should be pressed.

In some cases, the CBI's current policy, set out in the conference document called "Britain Means Business," may have to be amended.

The conference will be attended by approaching 1,500 "delegates" nominated by CBI member companies and organisations on parities ranging from one person to 20 or more, the largest concern. One main resolution will be proposed by a CBI leader on each of the main six topics and then, after contributions from the hall, Lord Watkinson will take a vote on the main resolution and on any other proposal which the conferees have gained significant support.

This is regarded by the CBI as an informal version of the TUC and political party conferences. Last night, the conferees were precisely which demands for labour law changes will be voted on. But the main policy document itself, which is unlikely to be watered down, goes far enough to constitute the first wide-ranging document on the subject. Restrictions to be drawn up by any major employers' organisation since the Conservative Government's old Industrial Relations Act started to fall from favour some five years ago.

The document's proposals include outlawing sympathy strikes and blacking activities, restrictions on closed shops, changes in union recognition procedures and in the Advisory Conciliation and Arbitration Services methods as well as broad acceptance of "minimum standards and rules" for union operations.

But aware of the problems that the Industrial Relations Act caused, the CBI says that it realises that none of these changes could be achieved "without broad agreement and some may take longer to achieve than others."

It does not spell out how it expects to reach such agreement with union leaders. But it will raise its ideas and other proposals it launched earlier this year for wide ranging reforms on page bargaining methods and on closed shops, changes in meetings with members of the TUC economic committee later this month.

Other policies to be debated at the conference will include plans for a 25 per cent reduction in income tax by 1981 together with the creation of 1m. new jobs and a four per cent economic growth rate. Policy document details, Page 8.

Peachey revaluation shows assets worth 131p a share

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

PEACHEY PROPERTY Corporation yesterday published the results of its eagerly awaited portfolio revaluation. In a striking rebuff of Allied London Properties' 55p a share takeover bid, announced at the beginning of last month, Peachey revealed properties worth 547.1m. supporting net assets of 131p a share.

Lord Mais, Peachey's chairman, had promised a detailed revaluation of group properties at May's stormy annual meeting, at which the late Sir Eric Miller was dismissed from the Board. In yesterday's letter to shareholders, Lord Mais makes the point that Department of Trade and police investigations into the affairs of Peachey under Sir Eric's management "concern only your company's past."

As the investigations and attendant publicity have no relevance to future prospects, Lord Mais repeats his call for shareholders to reject a "quite unrealistic attempt by Allied

London to acquire control of your company at a very low price."

Attacking the bid, Peachey questions why Allied—with net assets in June, 1976, of £2.7m.—is attempting to gain control of Peachey, with revealed net assets of £28.7m. Peachey has asked Allied, under Rule 3 of the Takeover Code, for further information on its source of funds for the bid.

Hill Samuel, Allied's advisers, say that they and Allied's shareholders to reject a "quite unrealistic attempt by Allied to gain control of Peachey, with revealed net assets of £28.7m. Peachey has asked Allied, under Rule 3 of the Takeover Code, for further information on its source of funds for the bid.

Mr. John Brown, Peachey's managing director, comments that the valuation is only "the first shot in our locker, although it is a broadside against a 55p bid."

Valuations on an open market basis by Healey and Baker Goddard and Smith give an impression of that scope. They

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		22 World of America	2

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LOMBARD

Split advice on sterling

BY SAMUEL BRITTON

IF THE September money supply has been possible and London figures come as a shock, you had better wait for those for October. These will show that there is very little chance of staying within the 9 to 13 per cent guidelines for the present financial year...

Commentators have been pointing out ad nauseam since the beginning of the year that it is impossible to fix a target for both the money supply and the exchange rate. As a result of brushing aside this common-sense truth, such enormous pressures have built up that the Government looks like having to abandon both objectives, let sterling rise and see a breach of its monetary objectives.

Advisers

The Chancellor's advisers have been seriously divided about what to do. The vigorous defence of pegging the exchange rate in the September Bank of England Bulletin was a gallant attempt to explain the existing Government line and not necessarily an expression of innermost Bank of England thinking.

The decision to switch from supporting sterling against the dollar to supporting it against the weighted average of currencies has proved technically disastrous. Anyone who had confidence in the old policy knew that there was nothing to go for in terms of an increase in the dollar value of his sterling holdings.

AROUND BRITAIN

Mr. Morris' motorway

WHEN Mr. John Morris entered the Commons as Labour member for Aberavon in 1959 his maiden speech was delivered in support of the case for a by-pass of motorway standard around Port Talbot.

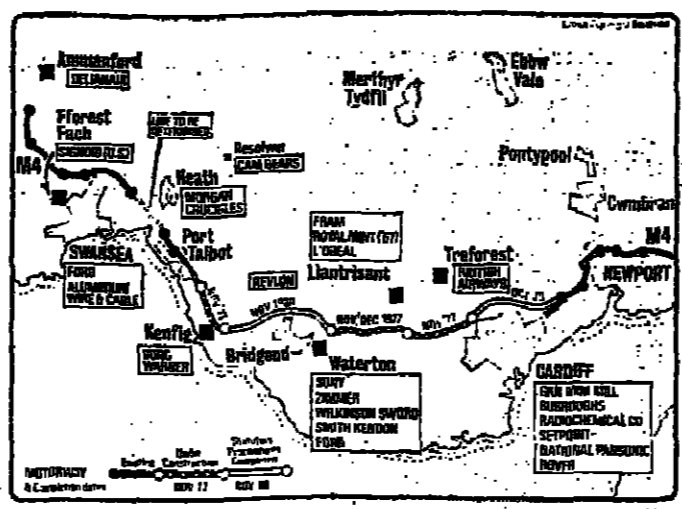
Seven years later, that road was opened and formed the first segment in Wales of the M4, whose completion is now in sight thanks very considerably to the personal commitment of Mr. Morris, since 1974 the Secretary of State for Wales.

Although the planning and public inquiry stage of the road pre-dates Mr. Morris's secretaryship, most of its construction in Wales has been during his period of office and during that time he has had more than one occasion to fight for the scheme's preservation in the face of waves of road-building cuts. In the event, the M4 has been built at the expense of virtually all other road projects in Wales—its £250m. costs being roughly four times the total annual expenditure on Welsh trunk roads.

In making the M4 as his communications priority, Mr. Morris has inevitably awakened the wrath of the nationalists, who feel first call on funds should have been for a road to stitch together north and south Wales, rather than bisecting South Wales to the English motorway network.

Mr. Morris is in no doubt that the M4, which he believes will remain Wales's only motorway, was right and that it has "revolutionised" the economy of the south, where 66 per cent of the population lives. His arguments received the best possible accolade in September, when Ford announced a £250m. engine plant project for Bridgend.

So the name of the industrial for- whose final stages Mr. Morris is planning in South Wales, the M4, is a site for a new town, that at further reducing the depen- dence of 100,000 men on the fortunes of steel and coal. The fact that there are now more jobs in U.S.-owned companies than in these two industries combined is a sign that overall the strategy is working.



Statistical measures of the success are the turning of the tide of outward migration from South Wales in the last few years, and the fact that unemployment, which in the 1950s was always twice the national average, has remained around 15 per cent, above the average in the present recession.

These cheering points cannot, however, disguise the very serious problems which remain. Coal reserves in South Wales continue to dwindle, and steel, which still employs a sixth of the workforce, is beset by the most serious slump in the history of the British Steel Corporation.

The BSC freedom of Ebbw Vale embodies these anxieties. Its unemployment level of around 11 per cent is not the worst in Wales, but this figure could be boosted to 20 per cent as soon as BSC's delayed next phase of closure is enacted.

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RACING

Champion Night Nurse unlikely to disappoint

THAT REMARKABLE hurdler, season in the Rosy Brook hand- cap chase. Josh Gifford's six-year-old, who has been threatening to let the ground performer entirely wrong when landing last spring's champion hurdle in testing conditions, is fully entitled to go to post an odds-on chance for the day's renewal of the William Hill hurdle at Newbury.

The Northern-based hurdler, who has recently proved that he is entitled to be rated the best hurdler in the country. It will therefore be a big surprise if this race (which he has won for the last two years) sees his downfall.

For a long while now, the Wightman-trained King Alf has been threatening to let his useful prize and today's Dawson nursery could well be his opportunity.

King Alfred, the six-year-old runner-up to yesterday's winner of the Horley Fill, is for a division of the furlongs—Eckenshaw here in July, has been steadily since and will be ideally suited additional two furlongs day's race, which will stannia coming into full view.

SALEROOM

Record price for Matisse

AFTER CHRISTIE'S fairly good auction of Impressionist pictures in New York on Tuesday, Sotheby's Park Lane followed on Wednesday with an even better sale which suggested that the temperamental market for Impressionist and Modern art is taking on a more optimistic tone.



'Le Luth' by Matisse, which made an auction record of £247,747 in New York on Wednesday.

Other notable prices were set for a Boudin Treuille, sold for £17,500 to Koopman, and a pair of George II wine private bags, sold for £7,500.

Briton seeks water-speed record

A 32-YEAR-OLD businessman Taylor Jr., at 288.21 mph in his announced plans yesterday to build a £250,000 jet boat to bring the unlimited world water-speed record back to Britain.

HIV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 1.30 Report Wales. 1.35 Report Wales. 1.40 Report Wales. 1.45 Report Wales.

SCOTTISH

1.20 p.m. News and Report. 1.25 Women Only. 1.30 Report West Headlines. 1.35 Report West Headlines. 1.40 Report West Headlines. 1.45 Report West Headlines.

ANGLIA

1.25 p.m. Anglia News. 1.30 Report Anglia. 1.35 Report Anglia. 1.40 Report Anglia. 1.45 Report Anglia.

SOUTHERN

1.20 p.m. Southern News. 1.25 Women Only. 1.30 Report Southern. 1.35 Report Southern. 1.40 Report Southern. 1.45 Report Southern.

TYNE TEES

1.20 p.m. North East News Headlines. 1.25 Report North East. 1.30 Report North East. 1.35 Report North East. 1.40 Report North East.

BBC 2

7.00 a.m. Open University. 11.00 Play School. 12.15 p.m. News from Newbury. 2.15 p.m. News from Newbury. 7.00 News on 2 Headlines. 7.05 Roadworthy. 7.30 Newsday. 8.10 Newsday. 8.25 The Money Programme: Merchants not Makers—the problems that face small manufacturing plants.

BORDER

12.30 p.m. Border News. 1.30 p.m. Border News. 2.30 p.m. Border News. 3.30 p.m. Border News. 4.30 p.m. Border News.

CHANNEL

1.18 p.m. Channel News. 1.25 p.m. Channel News. 1.32 p.m. Channel News. 1.39 p.m. Channel News. 1.46 p.m. Channel News.

GRAMPIAN

1.20 p.m. Grampian News. 1.25 p.m. Grampian News. 1.30 p.m. Grampian News. 1.35 p.m. Grampian News. 1.40 p.m. Grampian News.

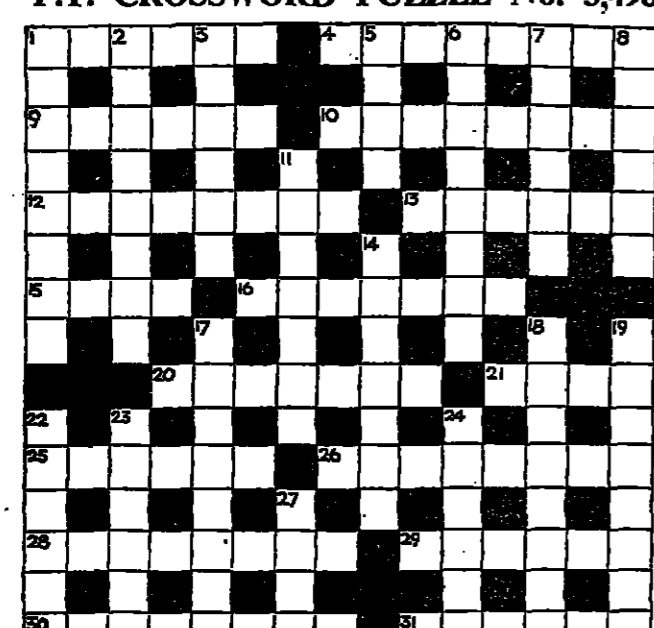
GRANADA

1.20 p.m. Granada News. 1.25 p.m. Granada News. 1.30 p.m. Granada News. 1.35 p.m. Granada News. 1.40 p.m. Granada News.

YORKSHIRE

1.20 p.m. Yorkshire News. 1.25 p.m. Yorkshire News. 1.30 p.m. Yorkshire News. 1.35 p.m. Yorkshire News. 1.40 p.m. Yorkshire News.

F.T. CROSSWORD PUZZLE No. 3,498



- 1 Tell sailor to return for dancing (8)
2 Reconstructing for trip from South Carolina (8)
3 Two companies taking on silk supplier (6)
4 Draw, but a photograph may be needed (4-4)
5 Did appear outside that place and wavered (8)
6 Twelve record about Henry initially (6)
7 Instrument held by incognito Boer (4)
8 Boast about breakdown (5-2)
9 Indian socialist's family (7)
10 Actors reckon it's a throw (4)
11 Time for main offspring (6)
12 Adventure involving bid for freedom about this time (8)
13 Source of writer's material (8)
14 Live with deer at the back (6)
15 Old, old penny, found in squall, but it's more valuable than that (4-4)
16 Captivate listener after finish (6)
17 Imagine part of bride at Easter (8)
18 Collect gun before her (6)
19 Soldiers get into line again for relief (7)
20 Obscure Oriental cuts another Oriental (7)
21 Supplied news about wine in a rush (8)
22 State with a pit producing zinc carbonate (8)
23 One who is present at a race to the finish before Her Majesty (8)
24 Requesting like a monarch (6)
25 Court card a learner gets with an animal (6)
26 Clean underneath the car even (8)
27 Responsibility which is on you and me (4)
28 Solution to Puzzle No. 3,497

RADIO 1

12.15 p.m. News. 1.30 p.m. News. 2.00 p.m. News. 2.30 p.m. News. 3.00 p.m. News.

RADIO 2

12.15 p.m. News. 1.30 p.m. News. 2.00 p.m. News. 2.30 p.m. News. 3.00 p.m. News.

RADIO 4

12.15 p.m. News. 1.30 p.m. News. 2.00 p.m. News. 2.30 p.m. News. 3.00 p.m. News.

BBC Radio London

12.15 p.m. News. 1.30 p.m. News. 2.00 p.m. News. 2.30 p.m. News. 3.00 p.m. News.

London Broadcasting

12.15 p.m. News. 1.30 p.m. News. 2.00 p.m. News. 2.30 p.m. News. 3.00 p.m. News.

Capital Radio

12.15 p.m. News. 1.30 p.m. News. 2.00 p.m. News. 2.30 p.m. News. 3.00 p.m. News.

Consider the investment climate in Japan. It keeps getting better. And that's not our opinion alone. Take a look at these tables showing total foreigners' investments in Japanese stocks and bonds over the past three years.

Let Nikko introduce you to this climate. If you are responsible for investment management of sizeable funds, explore the advantages of the Japanese securities market. And better yet, explore the advantages of dealing with Nikko.

Swiss made

by GEOFF BROWN

ing eye for human behaviour and an enjoyably uncluttered shooting style. He observes his characters at a little distance and here seems to take his rhythms from the leading character whose actions throughout are quiet and subservient: we see her dutifully holding the telephone receiver for her extrovert work colleague Marlene (Florence Giorgetti), whose hands are covered with cream: she even tries to munch an apple in silence in order not to disturb François' studying. The film also treats its environments with due care: particularly in the resort of Courmayeur where both Pomme and Marlene try to enjoy an end-of-the-season holiday and where François first looks into view. Jean Boffery's crystal-clear colour photography catches all the dispiriting beauty of depopulated beaches, grey skies and puddle-filled tennis courts.

Once the scene reverts to Paris and Pomme sets up home with François, Goretta's poor innocent is faced with more new horizons: University friends come round for some typically glib philosophising (prompted by a matchbox) and she later has to ask François what "dialectic" means while he brushes his teeth. She receives no answer that she can understand and retreats further and further into herself, finally ending up in a mental home.

François ultimately feels exasperated by Pomme's refusal to expand her capabilities, and it's possible that some of this exasperation, in attenuated form,

may filter through to the audience. For Goretta has perhaps taken on too much of Pomme's passivity herself, and in the last analysis doesn't provide enough analysis of her character and behaviour. Yet this is a remarkably accomplished, civilised, not to say chastening, film.

The daring rescue of a hijacked plane at a farflung African airport seems all set to enter the future encyclopaedias of late 20th century legends: in the week that sees the London opening of *Operation Thunderbolt*, the third film depiction of the Israeli rescue at Entebbe in June, 1976, a comparable German rescue takes place at Mogadishu in Somalia. However, it's doubtful if *Turkey, Mogadishu* and the like will ever be made: looked at in the cold light of the commercial film's narrative requirements, the Mogadishu rescue lacks one vital ingredient—the national fervour raised by Entebbe, where the hostages were separated into Jews and non-Jews, bringing back memories of Nazi persecutions (for the two leading hijackers were German).

Operation Thunderbolt is the official Israeli version of the events, directed by Menahem Golan, with appearances by Prime Minister Rabin, Foreign Minister Yigal Alon and Defence Minister Shimon Peres. Their acting is rather stiff, but makes a beneficial difference to the film's quality. Without a roster of international stars

performing ludicrous impersonations there is less likelihood of the film falling into the quagmire of *Airport* and suchlike follies—the fate, in particular, of *Victory at Entebbe*. The film also manages with some success to avoid the mawkish, pathetic calamity of waving its ethnic colours too extravagantly.

During the rescue team's flight to Entebbe we see Yoni (played by Yehoram Gaon)—the team leader and the only Israeli casualty—reading Alastair MacLean's book *Circus*, which provokes the comment, "We're small fry compared to his heroes." And indeed, the film doesn't beat its chest too much; time is even found to treat the Jewish character with some self-mockery. Once Yoni is wounded, however, the stops are pulled out and they become big heroes indeed. As for the villains of the piece, the film follows its predecessors in offering no clear picture of the terrorists' aims

our soulless modern world might well pass muster. But with Lumet dotting and crossing every i and t in sight, making the horses and the rituals real and continually cutting to Burton at his desk haranguing us in close-up, with his tortured thoughts, Shaffer's play quickly becomes uncomfortably laboured and blatantly bogus.

If *Equus* seems foolish, *Wellcome to Blood City* (directed by Peter Sasdy) seems positively stupid. Shot in Toronto, this is the first Anglo-Canadian co-operation following a "film treaty" between the two countries, and one can only hope that both sides don't declare war as a result. The plot offers a variation on the notion enshrined with modest success in *Westworld* and its sequel *Futureworld*, where elaborate fantasy regions were created for the entertainment of future citizens. But here the creation of fantasy worlds has a serious intent: the State is looking for "Kill Masters" who could survive and lead in the world's unpeopled crisis areas. So here Keir Dullea, plugged tight with electrodes, is projected into the imaginary Blood City, a Western town whose citizens dress in black with red crosses embroidered on back and front to provide easy targets, and the law is "Kill or be killed."

What will be Dullea's fate? Unfortunately, it's impossible to care, for the drama is all computer-programmed and no one has taken much care to make the same seem remotely real. Jack Palance provides an unconvincingly subdued sheriff, but most of the time the actors follow the script's lead and cut nothing more than cardboard figures. The dialogue is particularly impoverished: in the control rooms it's all computer jargon, in Blood City it's all Western clichés piled on top of each other ("A girl like this in a town like this causes an awful lot of trouble for a man like me")—which should have provided a great deal more fun than it does. One might be able to pardon the tedious game-playing if there was a particular goal ahead, but the film's message remains inchoate throughout.

Finally, space must be made for Sir Michael Balcon, who died this week after a long lifetime devoted to fostering an indigenous film industry. He will always be associated with Ealing and the many films made there—"projecting Britain and the British character," as he phrased it: when a commemorative plaque was erected after the studios were acquired by the BBC in 1955. But one should not forget his earlier work as producer chief at Gaiety/British in the 30's (a period which saw the Hitchcock thrillers, the Jessie Matthews musicals); then there are his subsequent efforts to encourage new talent through the BFI, Experimental Film Committee (forerunner of the Production Board) and independent companies such as Brynston and Woodfall. He was an undoubted giant—one of the very few British producers to rank with their Hollywood counterparts in skills and dedication—and we are all very much in his debt.

The Entertainment Guide is on Page 40

and the political context of the action, though both Klaus Kinski and Sybil Danning present chilling, bold portraits of extremists who have long passed beyond humane feelings.

One of the cinema's oldest sins has been its compulsive urge to make screen versions of successful books and musicals, though recently the habit has been on the decline—perhaps because there have been so few stage properties worthy enough. However, Peter Shaffer's *Equus* has succeeded, at the admission and success required since its London opening in 1973; there was a revival here last year and a New York production with Richard Burton making an extravagant comeback after a complex affair of the heart and bottle as the psychiatric doctor Martin Dysart. And the play's subject matter has that wide streak of sensational perversity which supposedly bespeaks cinema box-office success—with its repressed young stablehand (Peter Firth, as in the original production) taking horses out at night for strange ritual love-making and ultimately blinding six of the seven players, particularly Eileen Atkins.

But of what use is their sterling work when their basic material is so patently foolish? As produced on stage, with the boy's fantasies and rituals suggested by symbolic horses, particularly half-wild Aurora's limply worded thesis on the differing claims of reason and ecstasy in

Royal Shakespeare Theatre

Coriolanus

by B. A. YOUNG

The Volscians have lost the hard C that turned them into Tartars last time they invaded the Stratford stage, and now appear, more probably, not very different from the Romans. The general look on both sides is of black leather, with embroidered cross-belts for the aristocracy and jerkins for the plebs. The tribunes wear what are called above their frock-coats, making them look like traffic wardens, about the status Shakespeare evidently wanted for them.

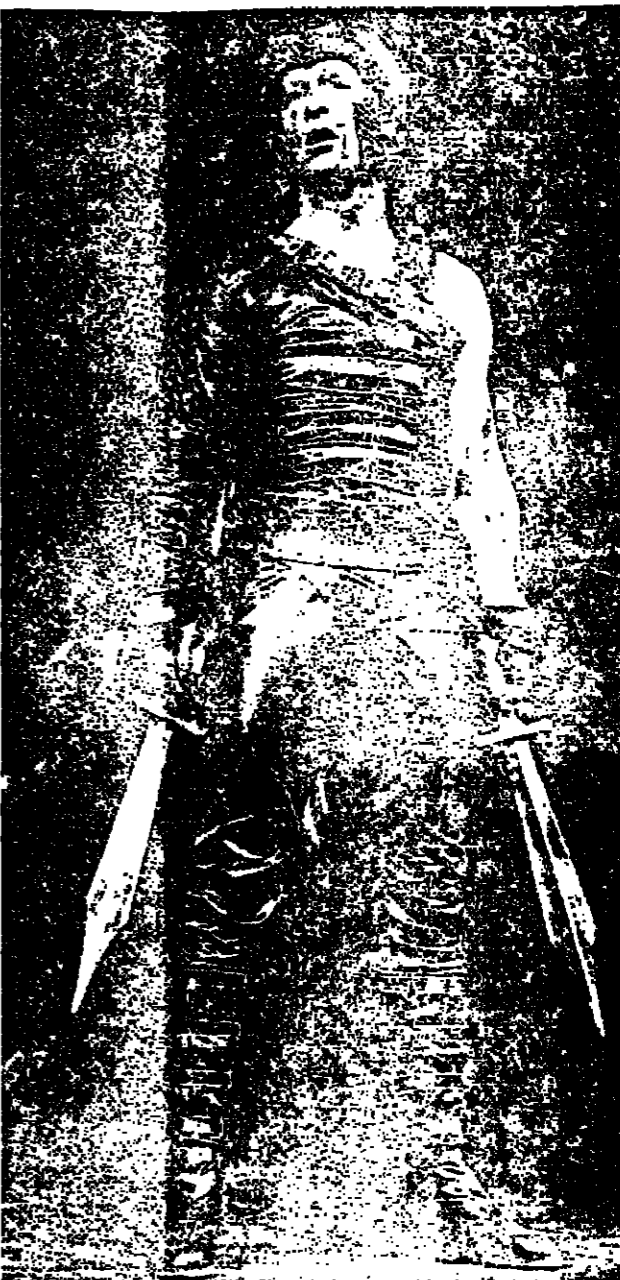
Terry Hands has staged the play on a plain open stage, but has added some blocks of masonry upstage as a design by Farrar, that can swivel as needed to provide the gates of Corioli, or close off a small setting area downstage. I felt the lack of a balcony for the Corioli walls, which might have been put to other uses; but even without the benefit of a second level the action is fast and clear.

The citizens are sparse in number but make a fine show, urged on one way or the other by Barrie Rutter's First Citizen, surely a forebear of that later Roman who lynched Canna for his bad verses.

I begin with the plebs because they are so important in this play: "without good citizens Coriolanus can make little of his indignity in the market-place where he solicits votes as Consul." Alan Howard is unconvincingly, almost set at last to behave himself properly when he sends up the whole proceedings by shouting out his requests like a barrow-boy. The whole of this scene is unconsciously exciting, I thought. So, later on, is the passage where messengers come on with the news of the Volscians' new attack just as everyone is sure of a lasting armistice. Mr. Hands has knack of making such scenes both natural and urgent.

Mr Howard's Coriolanus, when not engaged in abusing the workers, is a man of passion without ill-will, the most dangerous kind of soldier-turned-statesman. His personal rivalry for Aufidius (demonstrated in an odd dancing sword fight in the first-act encounter), his innate dislike of the lower orders, and his respect for his mother amount to the total of his opinions. To turn traitor against the Romans, to shop the Volscians in their turn, these are not matters to worry his conscience: they are just instinctive reactions to his situation. The bassoon notes of the Howard voice can be beautiful to hear, but in the higher flights of oratory there is a suggestion of too much singing, and singing on one note at that. The long crescendo after the accusation of treachery, ending with a table hurled at the "common cry of curs," is skilfully done.

Julian Glover keeps Aufidius cool and dignified, even up to the moment when he stabs Coriolanus with his own sword. There is an interesting Menenius by Graham Crowden, larding his insults with smiles when dealing with the people, embarrassingly subservient to the patricians, but notably firm in serious debate. His unsuccessful plea to Coriolanus at the end is most pitiful, and helps to emphasise the dignity with which Volumnia



Alan Howard

conducts her feminist approach fighting, Maxine Audley, with next. Volumnia is a hateful woman, her cold family resemblance to her with nothing in her mind but fighting son.

Arts news

Abbado and Solti take over

Now two of the big four LPO. He has been associated London orchestras have an with the orchestra for thirty-nounced new principal conducyears and has been known to tors this week. Following the news that Claudio Abbado is to succeed Andre Previn as principal conductor of the London Symphony Orchestra in September, 1978, comes confirmation of the widely forecast rumour that Sir Georg Solti will take over the London Philharmonic Orchestra from Bernard Haitink. Abbado is the obvious choice to follow Previn. He is 44, and principal director of the Vienna Philharmonic as well as artistic and musical director of La Scala, Milan.

It was always a certainty that Sir Georg Solti should get the RSC's own resources



A scene from 'The Lace-maker'

vent Garden

The Sleeping Beauty

by CLEMENT CRISP

was right and proper that in the Forestland trio: Lesley Collier and Wendy Ellis both as Princess Florina (named in the programme) and hors concours, Wayne Sleep as a fire-cracker, Hop o' my Thumb.

Mime playing has been rather more unenjoyed. First hand accounts of Beauty at its creation comment on its dramatic vivacity. The bleaching process of handing the work down from generation to generation has dispersed much of this emotional richness, but beneath the desiccated silliness of Catalabutte's costume, Leslie Edwards knows exactly how to play the chamberlain's scenes, and does them well. Unfortunately the King is presented with such impassivity or conviction, that he is almost invisible, and it is Rosalind Eyre—an artist whose radiance and unaffected charm are felt in every role she takes—who has brought the Royal couple alive. That their court trains are embroidered with crowns is a quaint touch: why not "His and Hers"? Miss Eyre and Geordina Parkinson as the Countess and Mignard seem to me the cohorts of frenetic phlegm, attendants preserve patterns of their evolutions, admirable coherence. Incidental pleasures on Wednesday, during the preceding week, include Laura Connor, Ticker, Rosalyn Whitten, Stephen Beagley variously

sical image is overcome, but the loss of traditional mime, which is regrettable, and her thunderous appearance in the centre of the Act I back-drop is improbable. The score indicates exactly the moment of her return with the spindle by a repeated and fatal D natural that imposes a waltz rhythm upon the rocking 2/4 tempo of Aurora's music.

The Lilac Fairies—Verde Bertram, Marguerite Porter, and the debutante Monica Mason—have been fine, and Wednesday night also brought the first appearance of Wayne Eagling as Florimund. Eagling took the stage in Act 2 in a sensitive, careful manner, albeit he tends to talk himself through mimetic passages, which is less effective on stage than in rehearsal. (As a note in passing, I find it inadmissible that Florimund should take off his own coat and stand holding it until Gallison removes it. Florimund merits an enquiry, and it is a fact of design and production that he should have to undress on stage at all. In dancing bravura, and with Wednesday's performance he announces himself as a virtuoso premier danseur, unshruffed, brilliant, stylish. His Aurora was Merle Park, bright, rather dry in manner, but musical at every moment. It is not a particularly resonant interpretation—it lacks the noble simplicity for this apotheosis of the classic dance—but it is winningly assured.

Book Reviews will appear to-morrow

The orchestral playing seems already on a decline from its fourth standard of the opening night. On Wednesday the entry of the Fairies in the prologue was marked by vinegary violin tone and murky horn playing; the lush "fifth symphony" theme of the Vision scene had rank with their Hollywood counterparts. Long memories will recall how, under Constant Lambert, the orchestra was sometimes accounted the real hero of the evening.

Elizabeth Hall

Claude Helffer

by DAVID MURRAY

By the time I arrived within earshot of M. Helffer last night, he had begun the Bartok Sonata. It had been preceded, I believe, by Debussy preludes—but that was while I cab-buried vainly in Bloomsbury, watching empty, unlit taxis burrying home to dinner in Seven Dials, Trafalgar Square and Westminster. Hearing the Bartok over the Elizabeth Hall, tele-relay was a qualified pleasure (the system is perhaps designed to set out next time in mid-afternoon), but even at second hand a good deal of conviction was transmitted.

Bartok's Piano Sonata comes, like the Sonata No. 2 for violin and piano, from a period when the composer was cultivating an uncompromisingly gritty range of sounds. Even the slow movement, marmoreal and monolithic, begins with raw discords calculated to set teeth on edge. From there, a tragic climax in which Helffer sacrificed the effect, I thought, by drawing the stage from the sound: it was mild and

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This advertisement appears as a correction of the Notice which appeared on the 20th October, 1977 which contained a manifest printing error.

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By The Chase Manhattan Bank, N.A., London, Agent Bank

EUROPEAN NEWS

Tarradellas returns as Catalan leader

By Robert Graham
MADRID, Oct. 20.
SR. JOSEP TARRADELLAS, entered Spain today as the officially recognised head of the Generalitat, the autonomous Government of Catalonia which was suppressed by General Franco.

French conservative parties consolidate election agreement

By DAVID CURRY
PARIS, Oct. 20.
THE FOUR parties which make up the bulk of the conservative support for the French Government have put the finishing touches to the "gentleman's agreement" which they will observe during the general election campaign in March 1978.

IMF loan terms likely to be agreed by Portugal

By Diana Smith
LISBON, Oct. 20.
NEGOTIATORS from the International Monetary Fund, who have spent ten days in Lisbon, leave today.

Desai due to visit Moscow to-day

By David Satter
MOSCOW, Oct. 20.
MR. MORARJI DESAI, the Indian Prime Minister, arrives in Moscow tomorrow, ostensibly to get to know the Soviet leadership better, but possibly to begin the process of redefining the Indo-Soviet "special relationship."

The Schleyer affair... Violence against German targets spreads in Europe

BY OUR FOREIGN STAFF
ONE MAN died in Athens, and a number of attacks were launched against West German installations as violent reaction to the deaths of Baader-Meinhof group leaders continued in western Europe.

Soviet bloc attacked at Belgrade over rights

THE UNITED STATES today sharply attacked Soviet bloc countries over human rights, and cited the 1968 invasion of Czechoslovakia as an example of Soviet interference in the affairs of other countries.

Communications in Baader jail

STUTT GART, Oct. 20.
THREE dead leaders of the Baader-Meinhof guerrilla group, and another who failed an apparent suicide attempt, seem to have built up an effective communication system in the maximum security Stammheim prison, the West German public prosecutor said today.

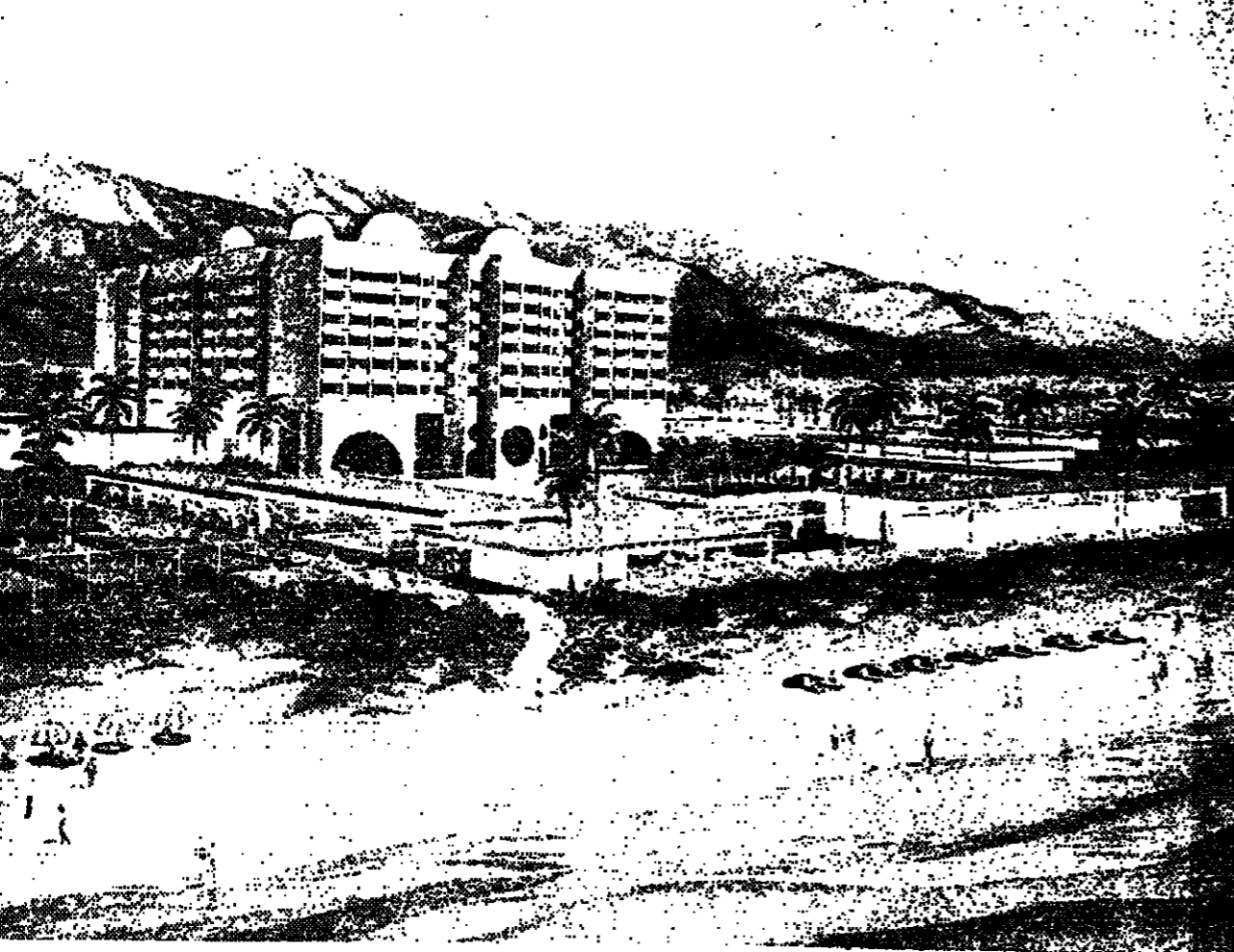
Pilots' leaders to meet Waldheim

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT
SENIOR representatives of the British and International Air Line Pilots' Associations will meet Dr. Kurt Waldheim, Secretary-General of the United Nations, in New York today to discuss urgent action by the UN against hijacking.

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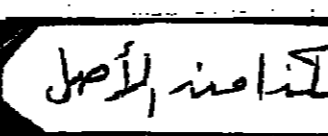
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ANGLO-SOVIET RELATIONS A surprise red carpet from Russia

BY DAVID LASCELLES, EAST EUROPE CORRESPONDENT
WHEN IT comes to state the "businesslike and constructive atmosphere" of the talks, Owen was keen to gain some form of Russian consent for his latest initiative on Rhodesia.



...and the hijack aftermath

Why the Arab loors are losing

RICHARD JOHNS

PRINCIPAL condition for the success of any hijacking operation is that some country should provide a safe destination for the captives and those whose freedom they demand. A number of countries have in the past recently provided a refuge. One of the most important acts of the saga of Lufthansa flight No. 181 has been not only almost universal Arab disapproval of the operation but the fact that no less than 10 Arab states — including Yemen and Somalia which share with Vietnam were held out as prospective destinations by "Captain Mahmoud" — refused to accept them. Moreover, the West Germans in securing the release of the passengers, the change of attitude reflects part of the influence and momentum of Saudi Arabia. It reflects the concern of Arab states at the damage to the status of extremists in the region with international opinion. The Arabs reaction in very marked contrast to the muted silence and vocal disapproval from the moderate capitals which over the murder of the elite athletes at the Munich Olympics five years ago.

Five years is a fairly long time in the political life of the Middle East. There were big differences between 1972 and Mogadishu. The Munich operation was led out by an Arab organisation over purely Arab issues. Mogadishu placed prime emphasis on the freeing of West German terrorists even though the use of two members of the Arab Front for the Liberation of Palestine, which rejects any settled settlement of the Middle East conflict, was demanded. "Captain Mahmoud" identified himself with that organisation and Zionism figures prominently in the anathemas spelt out in the communiqué of the struggle. Against "World Zionism" Organisation, nevertheless, despite its inter-



Col. Ulrich Wegener, commander of West Germany's special anti-terrorist unit, displays the Distinguished Service Cross presented to him and his 27 comrades by Chancellor Helmut Schmidt for the rescue of the 87 hostages held aboard a Lufthansa jet in Mogadishu.

national ramifications, the saga of Lufthansa Flight No. 181 has highlighted a significant transformation.

"Captain Mahmoud" and his sponsors may have been particularly disappointed in South Yemen. Back in 1973 it was believed to have actually shared the ransom spoils with the PFLP after passengers on another Lufthansa flight were freed and had been considered a safe refuge ever since. Somalia, too, must have disappointed them, as it was the place from where Dr. Waddi Haddad of the PFLP, the world's acknowledged master at planning hijacks, directed the Entebbe blackmail operation in June, 1975.

Surprisingly, Algeria, final destination for many hijackers in the past, notably the Venezuelan "Carlos" after the abduction of OPEC oil ministers in 1975, and most recently the Japanese Red Army terrorists who last month hijacked a Japanese Airlines DC-8, was not among the options specified by "Captain Mahmoud". Neither was Libya, with its unparalleled record of support for international terrorism.

Isolated from the Soviet Union because of the war with Ethiopia, Somalia needs new friends and increased aid from oil producers. Its switch to a stance of respectability needs little explanation. By facilitating the rescue of the Lufthansa passengers, President Mohammed Siad Barre has earned the gratitude and appreciation of other countries, especially West Germany, which had supplied technical aid to his country in-

cluding medical personnel and supplies.

The militantly Marxist South Yemen has also been increasingly under pressure to take a more moderate path as a result of Saudi Arabia's financial inducements and diplomatic persuasions.

Saudi Arabia in fact launched a campaign against the harbouring of air pirates in February last year shortly after Sheikh Ahmed Zaki Yamani, Saudi Minister of Oil, had been threatened with death during the holding of ransom of OPEC ministers.

There has also been growing concern generally in the Arab world over the effect that the association of Palestinian extremists with hijackings and the world-wide network of organisations committed to overthrowing the established order in the West. In particular, the Arab moderates are conscious of the scope that such association can give to Israel to brand the mainstream of the Palestine Liberation Organisation as "terrorist" at a time when it is bent on establishing a state.

Although in the past Egypt has not been a refuge for hijackers, its condemnation of Palestinian hijackings has been less than forthright. For the first time during the latest episode of the press used the word "piracy". President Sadat's regime will have needed no persuasion to take the Saudi standpoint. It has been subjected to terrorist activities instigated by Col. Gaddafi, the Libyan head of state, including the attempt which was thwarted by com-

mandos to hijack an airliner on an internal flight last year.

Concurrently with the latest hijacking, Mr. Yassir Arafat, chairman of the PLO, was shuttling between Cairo and Tripoli in a continuation of his efforts to mediate between Egypt and Libya at a time when observers might have thought his main preoccupation would have been the south of Lebanon and the U.S.-Israeli working paper on the Geneva Conference. Mediating between Egypt and Libya — as well as Syria and Iraq — would be related in his mind to the Middle East peace negotiating process and the need to form a common Arab front. But the fact that Libya was not among the specified destinations of "Captain Mahmoud" may not be a coincidence.

Oddly enough for one who indirectly has financed a number of international terrorist actions — including, it is believed, the OPEC abduction Col. Gaddafi in a recent interview expressed his disapproval of hijacking. Egypt itself last February circulated members of the Arab League with a note proposing that members should take a joint initiative at the next U.N. General Assembly, which is now in session, condemning international terrorist actions.

Faced with Israel's refusal to negotiate with "terrorists" and exultantly aware of Mr. Menahem Begin's past as one in the days of the Palestine Mandate, Mr. Arafat and the mainstream leadership are desperately anxious to disassociate themselves from such operations to the controversial Jewish settlement on the West Bank near Nablus) as they seek to gain what they can from any peace negotiations which may take place. As far back as 1971 they publicly renounced guerrilla actions outside Israel even if, when they occurred, they could rarely bring themselves to condemn such violence and secretly welcomed it for the publicity given to the Arab cause.

OVERSEAS NEWS

Egypt 'wins U.S. help' to maintain Soviet jets

The U.S. has agreed to allow American companies to overhaul and maintain engines in Egypt's Soviet-built MIG's in co-operation with West European concerns, writes Michael Tingay. This was announced by Mr. Ismail Fahmy, the Egyptian Foreign Minister, during an address to the Foreign Relations Committee of the People's Assembly.

He gave no details of the arrangements but it is clear that this was the outcome of the request last month by the U.S. House of Representatives International Affairs Committee by Mr. Alfred Atherton, the U.S. State Department official in charge of Middle Eastern affairs.

DMC votes to join coalition in Israel

The Democratic Movement for Change voted last night to join the Israeli coalition government, giving Prime Minister Menachem Begin one of the largest parliamentary majorities in Israeli history. UPI reports from Tel Aviv. The 64-vote ended a stormy, six-hour session of the 135-member council of the DMC. Prof. Yigal Yadin, the chairman of the DMC urged the council to back the move on the grounds of national security.

Namibia talks at UN end inconclusively

TALKS IN New York between the Security Council's members and a delegation from the South West Africa People's Organisation (SWAPO) on the question of the South African rule in Namibia have ended inconclusively, writes our UN Correspondent. Representatives of Britain, U.S., France, Germany and Canada agreed to reflect on the SWAPO team's proposals and report back later. The main obstacle continues to be the SWAPO insistence that the lotus withdrawal before elections of all the South African troops in Namibia.

Price of oil rising

The price of oil traded on the international markets is beginning to rise, partly in anticipation of the Organisation of Petroleum Exporting Countries (OPEC) meeting in Venezuela in December, writes Ray Daffer, Energy Correspondent. The rise, at present very slight, seems to indicate that OPEC might impose a further rise in crude oil posted prices in January.

Military coup in Thailand overthrows Thanin regime

BY DAVID HOUSEGO, ASIA CORRESPONDENT

THAILAND'S ARMED forces last night overthrew the year-old Government of Prime Minister Thanin Kraivichien and immediately promised to hold a General Election next year.

The bloodless coup d'état came after the military had apparently failed to secure the voluntary resignation of Mr. Thanin and his Cabinet. It marks the eighth change of regime since 1973.

The promise of elections came in a broadcast made by Admiral Sangad Chalorwoy, the former Defence Minister, who was named as head of the "Revolutionary Council" that took over at 12.00 hours (Bangkok time). Admiral Sangad was also the military's compromise choice as nominal leader of the coup in October last year that ended three years of democratic rule. He installed Mr. Thanin as Prime Minister.

His reappointment suggests that the armed forces are solidly behind the change of government but at the same time are anxious to maintain an appearance of continuity. Though there has been no official confirmation, it is believed that Gen. Kraivichien, appointed only a few weeks ago as supreme commander, gave his support to the move.

Gen. Kraivichien has been attempting to modify Mr. Thanin's hard-line anti-Communist stance and introduce more flexibility into Thailand's relations with the other Indo-China States.

In his broadcast 90 minutes after the military takeover, Adm. Sangad said that Mr. Thanin's plan for a phased 12-year return to democratic rule was too slow. The Revolutionary Council — composed of both civilians and military — declared that the constitution had been abrogated, the Government dissolved and the nominated advisory council abolished. The membership of the Revolutionary Council has yet to be announced.

Troops took up positions beside key installations in Bangkok last night but otherwise the city was quiet. Mr. Thanin's whereabouts were unknown, though he was said to be refusing to move from Government House.

In deposing Mr. Thanin, the military's problem will be to find another civilian leader who will both give the appearance of independence while acting within the framework of the Army's wishes. The announcement of General Elections is seemingly an attempt to win to this role the former politicians.

An obvious contender for the Premiership will be Mr. Kukrit Pramo, the former Prime Minister, who is currently being used by General Kraivichien as a diplomatic mission to Peking. Another possibility about which there has been much speculation is that Gen. Kraivichien might resign his military post and stand for the premiership himself.

The military's grouse against Mr. Thanin was that he was a lawyer of too rigid views. He earned his campaigns against corruption, narcotics and Communism to the point where he was alienating supporters of the regime. In particular the military felt that the recent pro-Indo-China attacks on the King — and also a bomb assault — were the result of Mr. Thanin's personal unpopularity which was playing into the hands of the Communist Party of Thailand.

Egypt gives Geneva terms to U.S.

BY ROGER MATTHEWS

EGYPT, following talks with the leadership of the Palestine Liberation Organisation, is now understood to have spelled out to the U.S. the minimum conditions that it believes Arab nations will accept for the reconvening of the Geneva Middle East peace conference.

These conditions seek effectively to reinstate the original text of the American "working paper" on Geneva procedures that was subsequently amended following conversations between President Jimmy Carter, the Secretary of State, Mr. Cyrus Vance and the Israeli Foreign Minister, Mr. Moshe Dayan.

In the wake of a speech yesterday by Egypt's Foreign Minister, Mr. Ismail Fahmy, in which he said that the U.S. Government was being asked to make several amendments to the working paper, the semi-official news-paper Al-Ahram this morning revealed what it claimed to be the concessions won by the Israelis and the consequent watering-down of the Geneva proposals.

The critical issue from the Egyptian point of view is Palestinian representation in what they accept will be a united Arab delegation. Al-Ahram stated

to-day that the original American working paper accepted the participation of members of the Palestine Liberation Organisation in the Arab delegation.

"This, according to the newspaper, was substituted for a phrasing which referred to the participation of Palestinians in the unified delegation without stipulating that they be from the PLO, or are chosen by the organisation."

Other similar changes were made in the original American working paper which would appear to dilute the role of the

Palestinians at Geneva and specifically to rule out the direct participation of people representing or selected by the PLO.

The talks between President Sadat and Mr. Yasser Arafat, the chairman of the PLO, are believed to have had an important bearing on the Egyptian decision to ask Washington to make further amendments to the working paper. Mr. Fahmy has also recently completed a tour of Arab capitals to seek opinions and throughout his speech yesterday stressed the importance of the Arab countries presenting a united front.

Syrian campaign against plan

BEIRUT, Oct. 20

SYRIA to-day launched a major political campaign in the Arab world with the apparent aim of persuading the other Arab States that the U.S.-Israeli proposals for peace talk procedures are unacceptable.

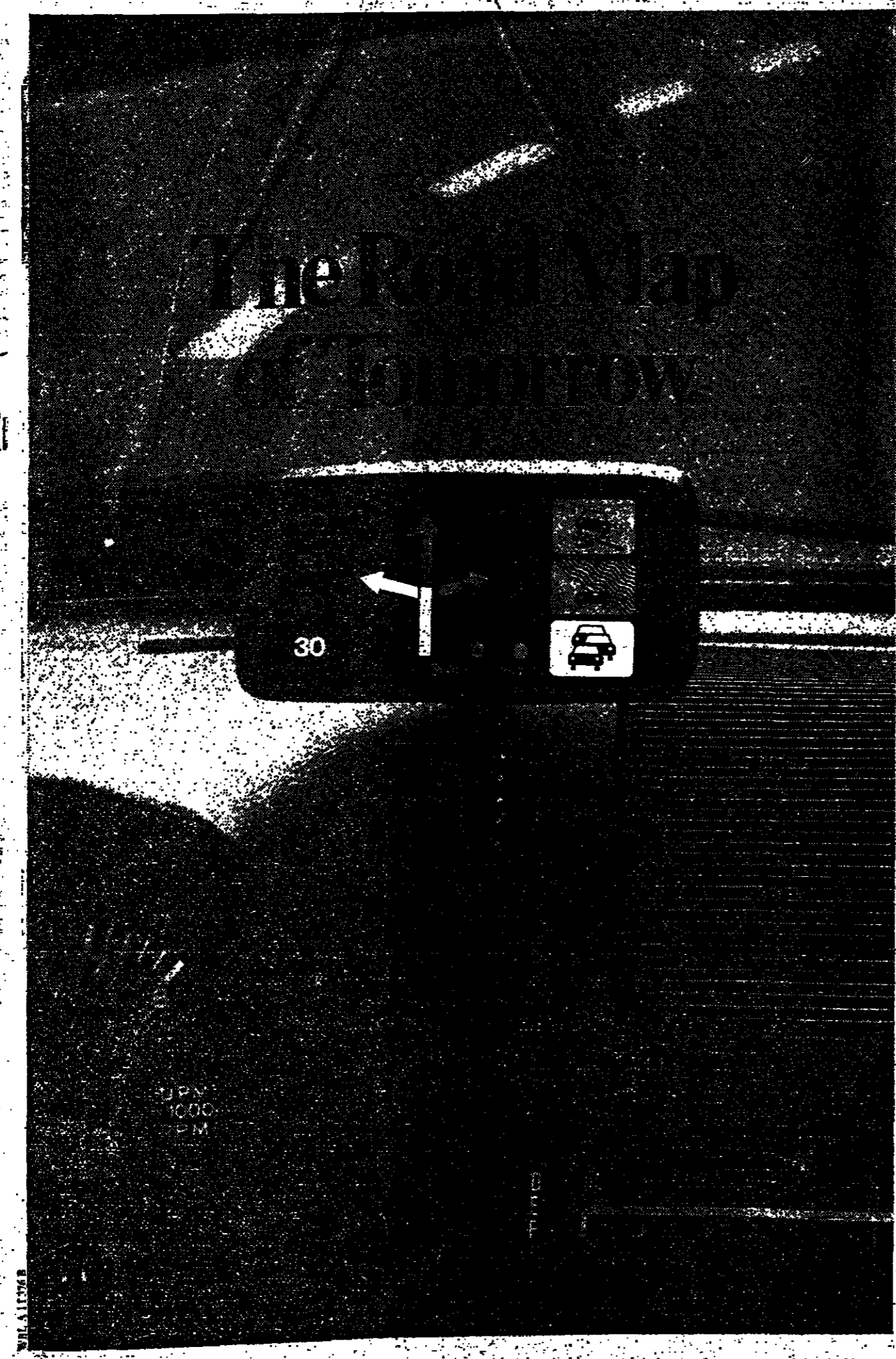
Syria, according to "Al-Bath", official organ of the ruling party, believes that a comprehensive Middle East peace settlement can only be achieved through Geneva rather than by working committees set up on geographical lines.

The American-Israeli paper had proposed that Israel should negotiate peace individually with Egypt, Syria, Jordan and Lebanon in four separate committees.

Saying that "massive pressures" were being brought on Arab leaders to accept a U.S.-Israeli working plan for Middle East peace talks, the PLO to-day implied the Arabs should consider reviving oil as a diplomatic weapon. Agencies

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At what speed should you drive when approaching congestion points? - 30 mph ... 40 ... 50 ... 60 ... ?
A new driver guidance system, called ALI (standing for Driver Guidance and Information System) is providing the answers at the extensive Blaupunkt works in West Germany.

new system, which was developed between the Aachen Technical College and Blaupunkt, a member of the Bosch Group is a real-life fact.
How much would ALI cost?
Probably no more than you would pay for a car radio.
The cost of the other equipment represents only a tiny proportion of current expenditure on motorway construction.

You get into your car, tap out your destination on a small coding device which looks much like a pocket calculator and from then on, all the information you need concerning where and how to drive is flashed up on to a small display face (no bigger than your hand).

With ALI's guidance you can always take the quickest route. You need no road map, nor any knowledge of the area you are driving in. ALI will give you advance warning of unfavourable weather and traffic conditions all along your route. ALI will even tell you whether it is worth making a detour to avoid congestion spots and, if so, which alternative road to select.

There's more to Bosch than you think: Your car engine almost certainly has some Bosch parts; and it may well be tested by Bosch equipment at its next service.

Many of the goods people buy in their supermarkets have been packed with machines produced by Bosch. These provisions may be stored in a Bosch refrigerator or freezer in a Bosch kitchen.

Television viewers will have seen the Olympic Games through Bosch eyes, as many of the sporting events were televised by Bosch Fernseh cameras. News and entertainment in cars can be received with Blaupunkt auto sound systems.

Bosch electric power tools are at work on construction sites world-wide. Bathrooms and kitchens are equipped with Bosch fittings and built-in units. Deep-cooled blood stored in many European hospital blood-banks is restored to body temperature with Bosch medical equipment.

Bosch employs 5,700 people in research and development alone. Bosch have at present 10,000 patents through-out the world, with 15,000 pending.

Robert Bosch Limited, Watford, Hertfordshire

How ALI works for you
An induction loop is set in the road surface before each road junction. This loop both receives and transmits information to and from an electronic station mounted at the side of the road.

Each of these electronic stations is linked to a central computer. As a vehicle passes over the induction loop, it transmits to the nearest electronic station its speed, its destination and whether it is a passenger car or a goods vehicle.

From the millions of incoming signals reaching it, the central computer calculates the ideal speeds and routes for each individual vehicle.

ALI may seem to be a science fiction fantasy. But this revolutionary

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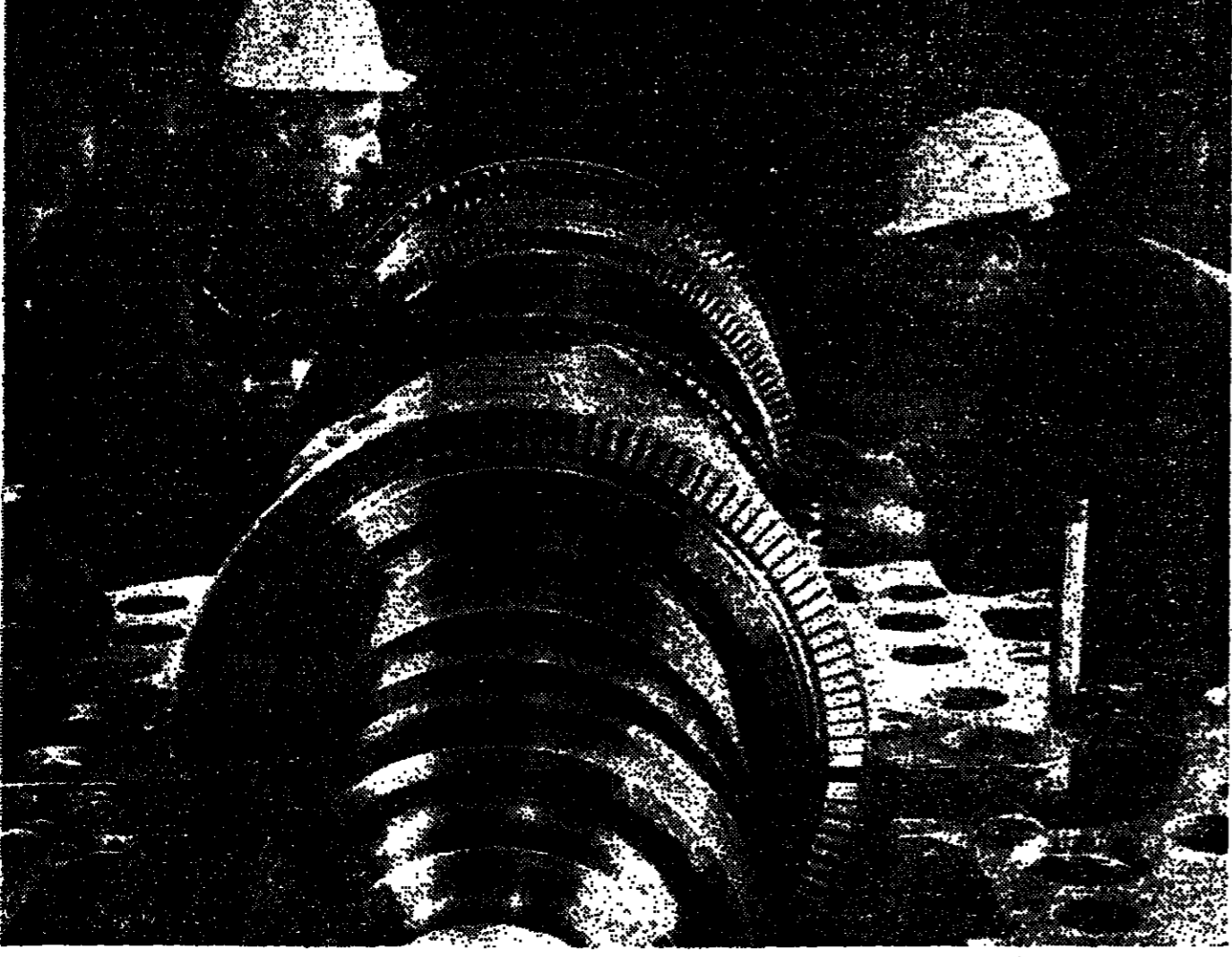
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BERLIN-TIERGARTEN 1315 AM



The Heart of the Turbine Is Ready

This turbine rotor, along with others like it built by Kraftwerk Union (KWU) in Berlin's Tiergarten district, will soon be producing light in some part of the world. Every second power plant in West Germany is equipped with gas and steam turbines manufactured in Berlin. Berlin-built turbines also generate power in the Near East, in Brazil and at Hendrina, Africa's largest power plant. The know-how and accomplishments of Berlin industry are valued highly throughout the world.

In many countries, "Made in Germany" is synonymous with such Berlin companies as Siemens, Borsig, Zeiss-Ikon, Schering and AEG-Telefunken. If you would like to know more about Berlin's economy, write: Senator fuer Wirtschaft, Martin-Luther-Strasse 105, D-1000 Berlin 62, Germany.

invest - produce in Berlin

AMERICAN NEWS

CARGO PREFERENCE BILL

Plan unlikely to survive setback

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Oct. 20

THE DECISIVE rejection yesterday by the U.S. House of Representatives of the Cargo Preference Bill is generally accepted here to mean that the measure is dead for the present session of Congress and has only a slim chance of being resurrected in the mid-term future.

The change in congressional sentiment during the last three years is nothing short of startling: in 1974 President Ford was obliged to veto a Bill approved by Congress that would have required 30 per cent. of oil imported to the U.S. being carried in U.S. flag ships; the current Administration-backed Bill, which would have lifted that percentage by increments from the presently estimated 3 per cent. to 9.5 per cent. by 1982, was defeated by nearly 100 votes.

The office of Congressman John Murphy, the New York Democrat, who has long been a sponsor of cargo preference measures, conceded this morning that the prospects for any form of resurrection were remote. A parallel measure before the Senate Commerce Committee, and while it is theoretically

possible for the Senate to take action on its version and then send it to the House for consideration, key senators have made clear that they wanted to pass sentiment in the House before moving themselves; that sentiment is now crystal clear.

An analysis of the voting patterns in the House underlines the shift in opinion. Unlike 1974, most of the congressmen from oil states came out against the measure. Perhaps more significantly, the vast majority of first and second-term representatives were solidly against it.

Their attitudes were apparently much influenced by criticisms that the Bill amounted to political repayment of contributions by maritime interests to President Carter and individual congressmen. An aide to Mr. Murphy observed that the new young breed on Capitol Hill were much more swayed by questions of "image and propriety" than by the nuts-and-bolts need to assist shipping and shipbuilding interests.

Moreover, there was the widespread suspicion that the

Administration had grown lukewarm in its commitment to the Bill, particularly after it had been bombarded with overseas criticism that it was the perfect example of U.S. protectionism.

The original Administration position, principally shaped by Mr. Robert Strauss, the Special Trade Representative, was that the Bill was politically necessary. Mr. George Meany, the trade union leader, also backed it when Mr. Carter's Government was doing its best to mend its broken fences with organized labour.

However, it was widely noticed as the Bill wound its way through Congressional procedures that no Administration heavyweight appeared on Capitol Hill to testify on its behalf. The appearance of support remained, but substance and muscle were lacking.

Mr. Strauss ruefully observed in an interview with the Financial Times to-day that the whole episode had not been his own finest hour. But he justified the Administration's original position on the grounds that it was

believed that Congress would enact a 30 per cent. provision in 1974. If the Administration had not taken the initiative and backed a much smaller requirement.

Even so, yesterday's vote which took place amid what scenes of parliamentary confusion, was a major surprise: a 90-plus margin against the measure, which had been confidently predicted by a comfortable margin, doubly so when its opponent, Congressman McCloskey from California admitted on the House floor before the climactic vote that the Bill was "not a good idea" and "not in the public interest".

Many credit the defeat properly being accorded to the public interest lobby which had drawn attention to the political contributions made by maritime organizations. The weight of its arguments carried with younger members of the House is unlikely to dissipate in a hurry.

Canadian referendum on Quebec

By Victor Mackie

OTTAWA, Oct. 20

MR. PIERRE Trudeau, the Canadian Prime Minister, has announced that the Federal Government is considering holding a national referendum on the question of Quebec independence. All Canadians must have a say on the political future of Quebec, Mr. Trudeau said.

Speaking during the parliamentary debate on the Queen's speech from the throne, read on Tuesday, he said the Government would be presenting a Bill to Parliament to empower it to hold a national referendum. In addition to Trudeau is planned a two-month round of visits to the 10 provincial capitals for talks with their Premiers on national unity.

Responding to questions from the Opposition leader, Mr. Joe Clark, the Prime Minister refused to say whether the question of a national referendum had been discussed in Cabinet.

Mr. Trudeau told Parliament: "We believe that one is not able to take away from Canada a part as essential as the province of Quebec without all the Canadian body being concerned."

Concorde noise victory

BY JOHN WYLES

NEW YORK, Oct. 20

CONCORDE'S FIRST take-off noise measurement from New York's Kennedy Airport drew the expected complaints from local 'inhabitants' to-day although it was not loud enough to be picked up by the airport authority's noise measurement machines.

This caused perceptible embarrassment within the Port Authority of New York and New Jersey, whose ban has delayed Concorde's use of the airport by 19 months.

British Airways claimed that their machines registered 88 perceived noise decibels on takeoff which, according to a spokesman, was "much lower than the 102 we had expected."

The aircraft was piloted by Captain Brian Walpole, British Airways' chief Concorde pilot, and Port Authority spokesman said this afternoon that the noise levels might be different with "different wind conditions and an ordinary pilot." The Authority had thought it possible that Concorde would have shown up on subsonic jets.

Supreme Court pipeline rate move

By Stewart Fleming

NEW YORK, Oct. 20

THE U.S. Supreme Court to-day stayed the effect of an Interstate Commerce Commission (ICC) ruling limiting the rate which owners of the rail which owners of the rail proposed varying rates for its varying rates for the pipeline tariff. These ranged from \$6.04 a barrel to \$6.44 a barrel. The rates differ from company to company because each company's costs in constructing the line were different.

Following the announcement by the companies of their pipeline tariffs, the ICC said it intended to launch an investigation into the proposed rates to see if they were justified. In the meantime, it said that until next January 29 the companies must reduce their rates by between \$4.68 barrel and \$5.10 a barrel.

The pipeline is currently delivering around 800,000 barrels of oil a day to Valdez. The tariff reductions have sharply reduced the revenues of the eight companies which own the pipeline — the principal owners are Sohio, Exxon, British Petroleum, Atlantic Richfield and Mobil, who between them own just over 85 per cent. of the line.

The Supreme Court has decided that its order delaying the effect of the ICC decision should stay in effect until it decides whether to hear the companies' contention that the ICC has acted improperly.

Energy debate stalemate

BY DAVID BELL

WASHINGTON, Oct. 20

THE JOINT committee of the U.S. Senate and the House of Representatives, which is supposed to bring order out of the chaos currently surrounding the President's energy plan, has got off to an inauspicious start.

The committee is charged with more or less contains everything Mr. Carter wants with the one exception of the new taxes effectively removes all the new taxes proposed by the Administration to encourage energy conservation and would also deregulate completely the price of newly-discovered natural gas.

However, at its first meeting yesterday afternoon, it was clear that very little work has yet been done on areas of possible compromise. Much of the session was taken up with long arguments on minor matters — prompting Sen. Henry Jackson, chairman of the Senate Energy Committee, to remark: "If we piddle around on all these details we are not going to get through."

It will be some weeks before the conference committee has finished its work but within the next fortnight it may become clear whether the President is going to get most of his way in the Bill. White House aides make no secret of their belief that the President can ill afford to lose on the energy issue.

Pan Am to cut Pacific fares

BY DAVID BELL

WASHINGTON, Oct. 20

PAN AMERICAN World Airways said to-day that it plans to cut the cost of trans-Pacific travel in half next year by introducing in that area the same sort of budget fares now offered between New York and London. The new fare plan would reduce the price of scheduled, reserved-seat flights to Tokyo to as little as \$225 and to Hawaii and \$189 from Hawaii.

Pan Am said that it intends to start selling Pacific budget tickets immediately, subject to approval by U.S. and foreign Governments.

In New York, Alitalia, the Italian national airline, to-day said that it has asked the U.S. Government to approve fare cuts of up to 26 per cent. on its flights between the U.S. and Italy.

World Bank loan rate

WASHINGTON, Oct. 20

THE WORLD Bank has reduced its lending rate to 7.5 per cent. from the 8 per cent. previously in effect. The action was disclosed to-day when the Bank announced the approval of a newly authorized credit to Costa Rica and Thailand.

Harriers back on flight duty

WASHINGTON, Oct. 20

THE U.S. MARINE Corps has returned to flight status all 90 of its British Harrier jump jet fighters, grounded on September 23 after a broken control rod was found in one of the planes, the Pentagon said.

A spokesman said that the Marines will continue the restrictions on low-level flights placed in effect after the last Harrier crash on September 6. No Harrier is allowed to fly below 200 feet in the day or 1,000 feet at night.

There have been 26 crashes, including eight this year, since the Marines bought the planes seven years ago. Ten pilots have been killed in the crashes.

COLOMBIA'S ELECTION CAMPAIGN

Disillusioned voters, tired slogans

BY SARITA KENDALL IN BOGOTA

PRESIDENT Alfonso López Michelsen of Colombia enters his last 10 months in office with criticism being hung at him from all sides and widespread discontent causing strikes, demonstrations and violence. The election campaign for a new President is becoming increasingly acrimonious as rival establishments figures fight for party nomination and try to win disillusioned voters with worn out slogans.

Businessmen and trade unionists, Liberals and Conservatives, have attacked President López for failing to respond to the need for fundamental changes in Colombia during his three years in power. Some of the strongest statements, accusing the Government of accentuating injustices and inequalities and being unable to meet even the most elementary aspirations of the population, have come from the National Association of Industrialists.

The private sector has been quick to respond to labour pressures, and after calling for a higher minimum wage rise last year the Government was prepared to grant suggested months before a general strike in September that the national wages council should meet to negotiate further increases.

Since the strike, a 20 per cent. minimum wage rise has been offered, but is being rejected by union leaders who want a 30 per cent. across the board. A bewildering array of statistics has been tossed about in the discussion, but all agree that real wages have dropped by at least 20 per cent., and that the urban poor have suffered particularly badly from soaring food prices during the past year.

Though the monthly cost of living increase has fallen from levels of 4 per cent. to 7 per cent. in the first part of 1977 to near zero, the food component of the index rose by 48 per cent. between September, 1976 and September 1977 — a very ugly figure for a Government which promised to give top priority to inflation control.

Although the violence of the general strike — which converted large areas of Bogotá into battle zones — took most by surprise, labour confrontations commonplace in Colombia. What has been more surprising is the effect of López's policies in producing a united opposition front among the trades unions, hitherto political enemies because of their widely differing party affiliations.

The new National Labour Committee, created by the four union federations, can only spell further problems for the Government: its first action was to approve two more strikes. Support for union militancy is now being openly offered by guerrilla organisations. The Moscow line rural guerrilla movement (FARC) has made several attacks on state oil company installations in solidarity with strikers, and the urban group, M-19, has shown its political line by kidnapping an ex-Minister of Agriculture, manager of a large vegetable oil industry; he was released only after management ceded to workers and signed a new labour agreement.

Many politicians — including some of those in President López's Liberal Party — have avoided condemning the strikers outright, no doubt with next February's congressional elections in mind. Left wing group-

ing have already launched three unknown as presidential candidates, but the main focus of the campaign is the tussle for the Liberal Party nomination. Ex-President Carlos Lleras Restrepo, and the party boss Sr. Julio César Turbay Ayala, have agreed with lesser aspirants that whoever emerges as leader in the Congressional elections will be party candidate.

Though Sr. Julio César Turbay controls the party machinery and is known for his readiness to find jobs for the boys, many see Sr. Carlos Lleras as a man who proved himself tough when President.

The winner will probably run against Sr. Belisario Betancur of the Conservative Party, and an ex-military man, Gen. Alvaro Valencia Tovar, as well as non-establishment candidates, in the Presidential election next June.

The news that a retired general is considering joining the electoral race at a time when Colombia is jealously guarding its democratic status against constant rumours of military takeover, adds spice to an otherwise flavourless mix.

His non-party clean-up and modernisation programme is attracting plenty of attention, though whether it will attract any votes will depend on organisation and finance that the refreshingly fluent General may not be able to muster.

Corruption and immorality have become major campaign issues, with candidates vying for moral supremacy as stories on drug trafficking, commodity smuggling and violent crime multiply in the Press. But for the peasants and the urban poor

whose standard of living is steadily deteriorating, corruption has little relevance, but the promises have often been heard before: their answer is abstention.

As President López struggles to ride out political excesses, the latest led by the replacement of four Cabinet Ministers three weeks ago, some economic indicators are beginning to improve. Not only has the cost of living been held steady in the last three months, but official unemployment figures show a slight decrease and the effect of contractionary measures — on the increase in money supply has been positive.

Though coffee income has fallen dramatically since May, and exports are some 20 per cent. down compared with 1975-76, earnings for 1976-77 are still more than double the previous year. However, agricultural growth for 1977 will be below the population growth rate, and imports of foodstuffs more than doubled in the first seven months of the year.

Further 800,000 tons of grain are to be imported before the end of the year. Imports of oil and oil products have also risen dramatically as Colombian production falls off, but projects to use natural gas and coal for energy purposes are at least getting under way in the Guajira. The new Finance Minister, Sr. Alfonso Palacio Ruidas, is expected to make some changes in economic policy, but the Head of State's last few months in office should find President López on a round of public works inaugurations to boost the Liberal Party's electoral image, rather than tackling any fundamental issues.



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WORLD TRADE NEWS

McDonnell Douglas going ahead with stretched DC-9

MICHAEL DONNE, AEROSPACE CORRESPONDENT

McDONNELL DOUGLAS of the aircraft manufacturer is going ahead with a stretched version of its DC-9 jet airliner, the Super 80, and has designed for improved fuel consumption as well as lower noise levels. The Super 80 has a "stretched fuselage" over earlier DC-9s, so that it can carry more passengers and cargo over longer distances, from shorter runways and at lower seat-mile costs.

Europeans named in U.S. steel complaint

By David Bell

WASHINGTON, Oct. 20. NATIONAL STEEL, the third largest U.S. steel producer, today became the latest American company to file a dumping complaint and the first to direct it at major exports from European manufacturers. National's complaint, which will now be considered by the U.S. Treasury, involves exports of sheet steel. It alleges that major steel makers in Britain, Germany, Holland, Italy, France and Belgium have been dumping this type of steel in the U.S. market. Sheet steel is used in consumer goods, cars and other products.

ALGERIAN PIPELINE

Italian gas plan succeeds at last

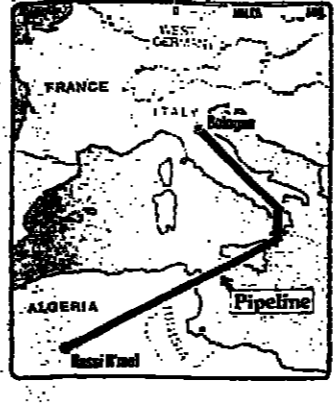
BY PAUL BETTS IN ROME

MORE than a decade of political discussions—and often total deadlock, especially with Tunisia in recent years—and some major technological breakthroughs in the techniques of pipe-laying in deep water are behind the \$3bn. contract to be signed in Algiers on Saturday by the Italian and Algerian Governments.

government might have had, however, soon disappeared by the end of the sixties. Italy's so-called "economic miracle" caused a major re-thinking of the country's longer-term energy requirements. ENI managed to resolve Italy's shorter-term gas problem by 1969

ment in 1973. However, this agreement had to be renegotiated following the oil crisis and the subsequent steep rise in energy prices. But as ENI commissioned its two engineering subsidiaries, SNAM Progetti and Saipem, to start research and trials for the underwater section of the pipeline, the Tunisian Government began obstructing the project. Negotiations between Tunis and Rome eventually broke down over Tunisian demands for a ten per cent. share of the total gas carried by the projected pipeline.

Italy, with the Italians conceding a five per cent. share, or close on 600m. cubic metres a year, of the gas. On Monday, this formal accord will be signed in Tunis. Under the \$3bn. contract, Algeria will have the ownership of the section of the pipeline on its territory, the Tunisians will own their portion, and Italy the part on its mainland and across the Straits of Messina. The section under the Straits of Sicily will be owned jointly by a company consisting of Sonatrach and the ENI subsidiary, SNAM.



Tory trade warning to Russia

By David Lascelles

A CONSERVATIVE Government would take a much tougher attitude towards trade with the Soviet Union, especially over such things as cheap credits and exports of militarily sensitive goods, the party's Front Bench spokesman on trade, Mr. John Nott, indicated yesterday.

Speaking at a luncheon given by the British-Soviet Chamber of Trade, Mr. Nott emphasised that Tory policy was also to expand trade with the Soviet Union. Mr. Nott launched a strong attack against the Labour policy of extending cheap credits, notably the £350m. facilities agreed by Sir Harold Wilson and the Russians in 1975. Britain's improved balance of payments, he said, meant there was no reason for Britain to lead the scramble to offer cheap credit. The Russians were being lent money at 7 per cent. interest which cost the British Government 15 per cent. to raise.

THE BOOK PAGE

This week the Book Page will be published in Saturday's issue of the FINANCIAL TIMES instead of on Thursday, as is usual. We apologise to readers for any inconvenience this may cause.

Australians accuse EEC

BY CHRISTOPHER PARKES

THE EEC was accused in London yesterday of using protectionist and applying double standards in its trade relations with Australia and other major suppliers of food. The attack came from Mr. John Howard, the Australian Minister for Special Negotiations, who has been charged with breaking down the barriers the European Community has erected against imports of beef and other products.

restrictions on imports of European goods, it in turn applied similar limitations on Australian supplies of beef and other foodstuffs. Mr. Howard, who was taken ill on Wednesday, is due in Dublin today to continue a round of visits to all the EEC capitals. Next Thursday he will visit the Commission in Brussels and deliver specific proposals for the trade-policy changes he wants. Pointing out that in the past four years EEC exports of manufactured goods to Australia had increased by 65 per cent, he added that over the same period, Australia's agricultural exports to the Nine had dropped 80 per cent.

Boost Dutch exports call

BY MICHAEL VAN OS

THE HAGUE, Oct. 20.

A "CRISIS PLAN" to improve Dutch export performance, which has deteriorated very sharply over the past few months, was called for today by Holland's Central Organ for Foreign Economic Relations (COEB), the central export promotion organisation for a private sector. It stressed that a new and worrying development was that, for the first time, Dutch exports were now falling behind the development of world trade. The organisation proposed a number of measures, most of which have been the subject of discussion with the caretaker cabinet. The cabinet's decision-making power is restricted, however, until the establishment of a new Government.

Government should do much more for Dutch export promotion in the EEC, which is the largest market and takes 70 per cent. of Dutch exports, where the country had been losing ground rapidly. At the same time, countries such as W. Germany, Italy and Britain have managed to push up exports to Holland significantly, the COEB said. The "crisis plan" wants the export risk insurance schemes to be improved against the background of the trading disadvantage of the strong guilder. A more active and flexible export credit insurance is also urged in order to bring Holland more into line with its competitors. The organisation added that the introduction of so-called mixed credits is essential to obtain more contracts in developing countries, and so is the instrument of tied state-to-state credits.

£3m. China order for BSC

Financial Times Reporter

CHINA has ordered £3m. worth of special steel from the British Steel Corporation's billet, bar and rod product unit, at Sheffield. The order comes within days of the return from a trade visit to the People's Republic of China by the British EEC chairman, Sir Charles Villiers. The contract calls for forging quality special steel bars to medium carbon and low alloy specifications.

Large advertisement for Idem Carbonless Copiers. Text: WE'D BE THE FIRST TO AGREE THAT CARBON HAS LEFT ITS MARK ON BUSINESS EFFICIENCY. Carbon was introduced over a century ago... But there's more to Idem carbonless than is evident from the telling in brief. Ask your printer for the full story... Includes contact information for Wiggins Teape (Mill Sales) Ltd.



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November 24th marks the debut of daily supersonic service between Paris and New York. The Headstart

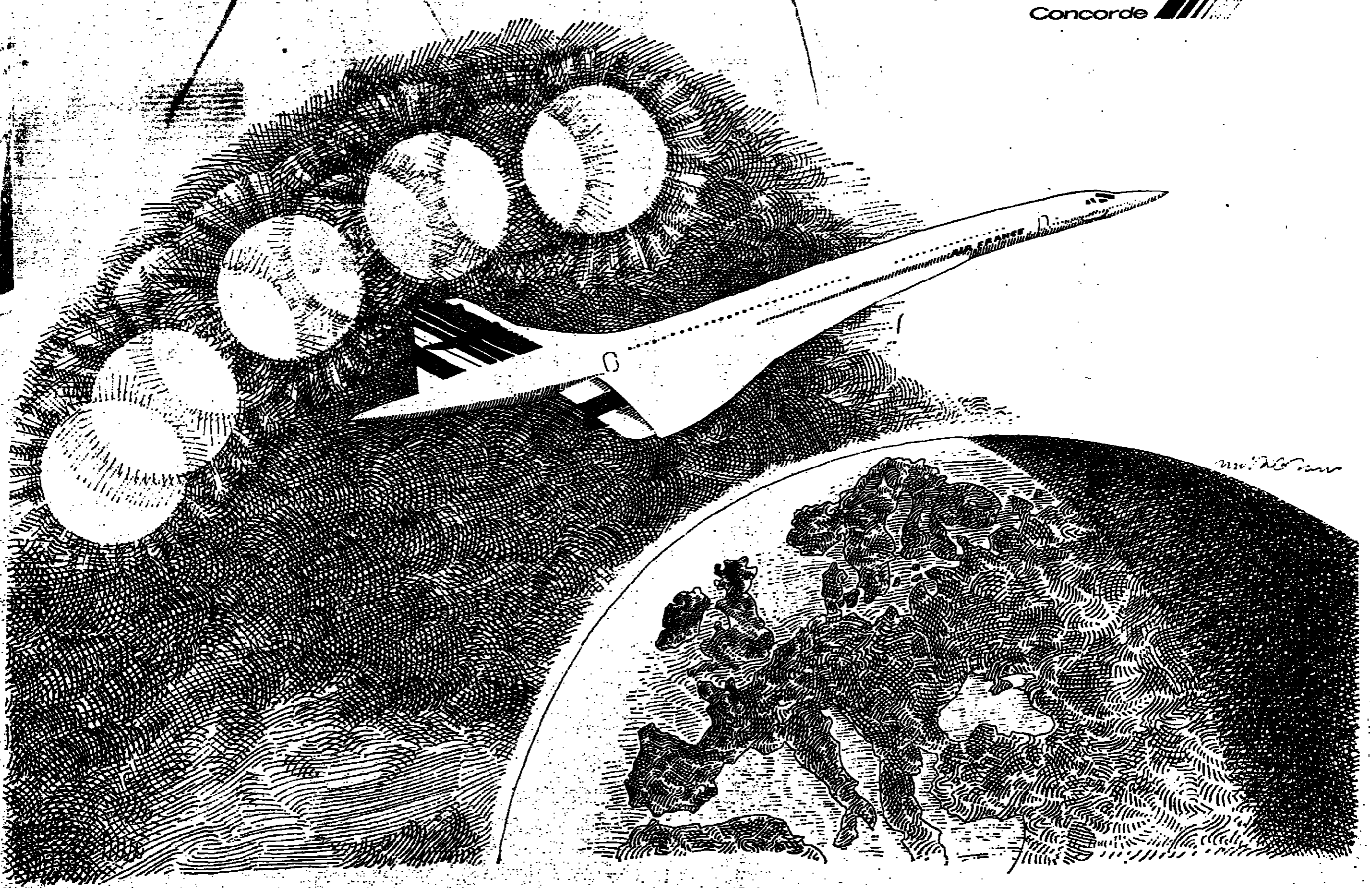
Flight leaves Roissy at 11 a.m. and arrives at J.F.K. Airport in New York at 8:30 a.m. local time.

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HOME NEWS

Minister protests at GLC plan to sell houses

BY JOHN LLOYD, INDUSTRIAL STAFF

ACCUSSIONS OF "gross irresponsibility" and "wanton vandalism" have been made by a junior Government Minister and heartbreak caused to individuals awaiting rehousing in London Council's policy of sell-off...

Steelmaking troubles cause fears in ferrous scrap trade

BY ROY HODSON

THE FERROUS SCRAP industry fears that a number of companies will be forced out of business by the steelmaking slump. Turnover has already fallen by more than £100m. a year.

EEC may take legal action on tachographs

By David Buchan and Ian Hargreaves

THE EEC intends to start legal proceedings against Britain because of its refusal to implement Common Market laws requiring the use of tachographs in lorries and buses.

Violations of trade rules 'affected economic situation'

FINANCIAL TIMES REPORTER

FLAGRANT VIOLATIONS of the rules of international trade have been one major factor contributing to the current world economic difficulties, it was argued last night by a leading legal authority.

Southwark £3m. for industry

BY OUR INDUSTRIAL STAFF

THE BOROUGH of Southwark has become the first in London to use money saved as a result of the Government's expenditure guidelines to stimulate industrial investment. A total of £3m. has been made available.

£3bn. tourist earnings expected this year

BY ARTHUR SANDLES

THE INFLOW of money from foreign tourists this year will be £3bn., meaning that the industry has made a record profit of £1.2bn. in the first nine months.

Probe into sea leak at Hunterston reactor

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE SOUTH of Scotland Electricity Board is investigating a leak of sea water into the space beneath the nuclear reactor at Hunterston "B" power station on the Clyde estuary at Ayrshire.

Pay of business lawyers increases by 3.87%

BY DAVID FREUD, INDUSTRIAL STAFF

SALARY LEVELS of lawyers employed in finance, commerce and industry increased by an average 3.87 per cent in the 12 months to July, according to a survey by the recruitment company, Chambers and Partners.

£52m. EEC plan for Ireland links

By Our Belfast Correspondent

MR. ROY JENKINS, President of the European Commission, had talks with Government ministers and officials in Ulster yesterday, about proposals for a £52m. project to improve cross-border transport and telephone links in North-West Ireland.

Wealthy 'should live in city centres'

BY RHYS DAVID

EFFORTS to revive Britain's inner urban areas should concentrate to a much greater extent on encouraging the relatively affluent wealth-creating members of the community to move in and become the majority, the National Housing and Town Planning Conference was told yesterday.

Police inquiry at Scunthorpe BSC plant

BY DAVID BUCHAN

A POLICE investigation is going on at British Steel's Scunthorpe works. Det. Chief Superintendent John Crawley, head of Humberside CID, said yesterday that detectives are at the plant investigating allegations of irregularities in contracts.

Complicated

BY DAVID BUCHAN

THE issue is complicated by a parallel series of infringement procedures which the Commission is also threatening against France, Germany, Belgium, Holland and Italy over various infringements of the EEC regulation governing the length of the driving day.

Civil service dispersals

BY RAY DAFTER

CIVIL SERVICE dispersal plans already made would be adhered to, Mr. Charles Morris, Minister of State for the Civil Service, promised yesterday during a tour of life.

Large-scale share sales by public continue

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

PRIVATE investors have continued to sell Ordinary shares on a large scale this year in spite of the buoyancy of the stock market. Figures published by the Central Statistical Office yesterday show that the private investors reduced their holdings of company securities by £500m. in the second quarter of the year after a £540m. drop in the first quarter.

Police inquiry at Scunthorpe BSC plant

BY DAVID BUCHAN

A POLICE investigation is going on at British Steel's Scunthorpe works. Det. Chief Superintendent John Crawley, head of Humberside CID, said yesterday that detectives are at the plant investigating allegations of irregularities in contracts.

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NORTH SEA OIL REVIEW

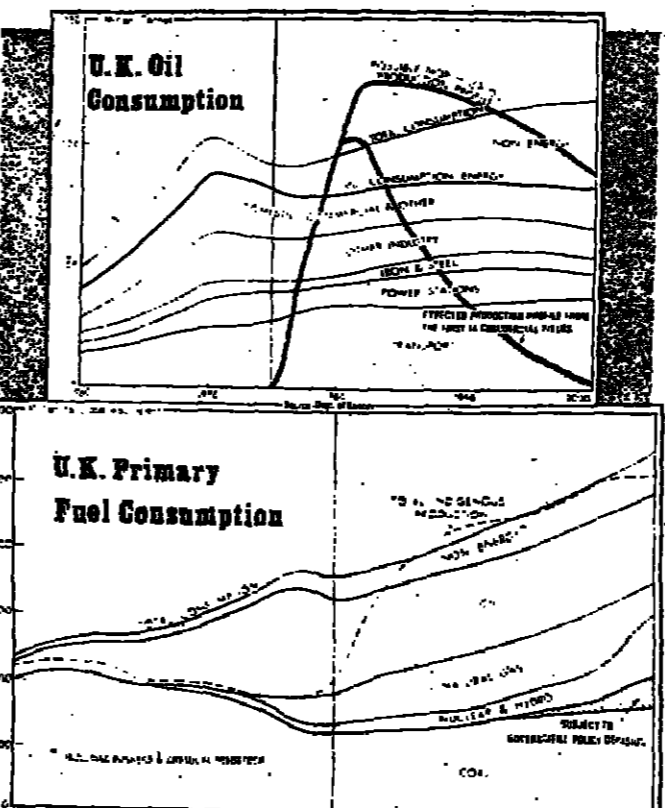
Why we need a flexible oil depletion policy

BY RAY DAFTER

THE ENERGY Secretary, Mr. Anthony Wedgwood Benn, has nearly side-stepped taking a decision over future North Sea oil and gas depletion policies. The working document on British energy resources and requirements which is about to be reviewed by the new Energy Commission recognises the complexities of controlling offshore production at specific levels, but sheds little new light on what paths might be followed by the Government.

The Government's best present estimate is that total recoverable oil reserves are in the range of 3bn. to 4.5bn. tonnes a store of fuel that could be worth over £200bn. at today's oil prices. But much of this oil lies in areas yet to be designated and explored, in the far north and the Western Approaches, for instance. There are bound to be surprises—whether they are good or bad—only exploration drilling will reveal. If the country wants to obtain a clearer picture of its possible energy resources (and that would seem desirable in view of the dire warnings of world energy shortages), then it may have to encourage oil companies to go and search over and above the steady pace of exploration and development now being imposed by the Government.

British Gas is already in this position, for it is sitting on an approved approval for the attractive structure—the Morecambe field in the Irish Sea, Take British Petroleum as an example, BP wants to exploit its can be developed in the Magnus Field which might have national interest at any time.



Blue-print

The ultimate decision will influence the plots on the accompanying graphs. It will inevitably lay the foundation for any thinking arising out of the study of the North Sea and the economy, now being conducted by Mr. Wedgwood Benn and the Chancellor Mr. Denis Healey.

Handwritten signature or mark at the bottom center of the page.

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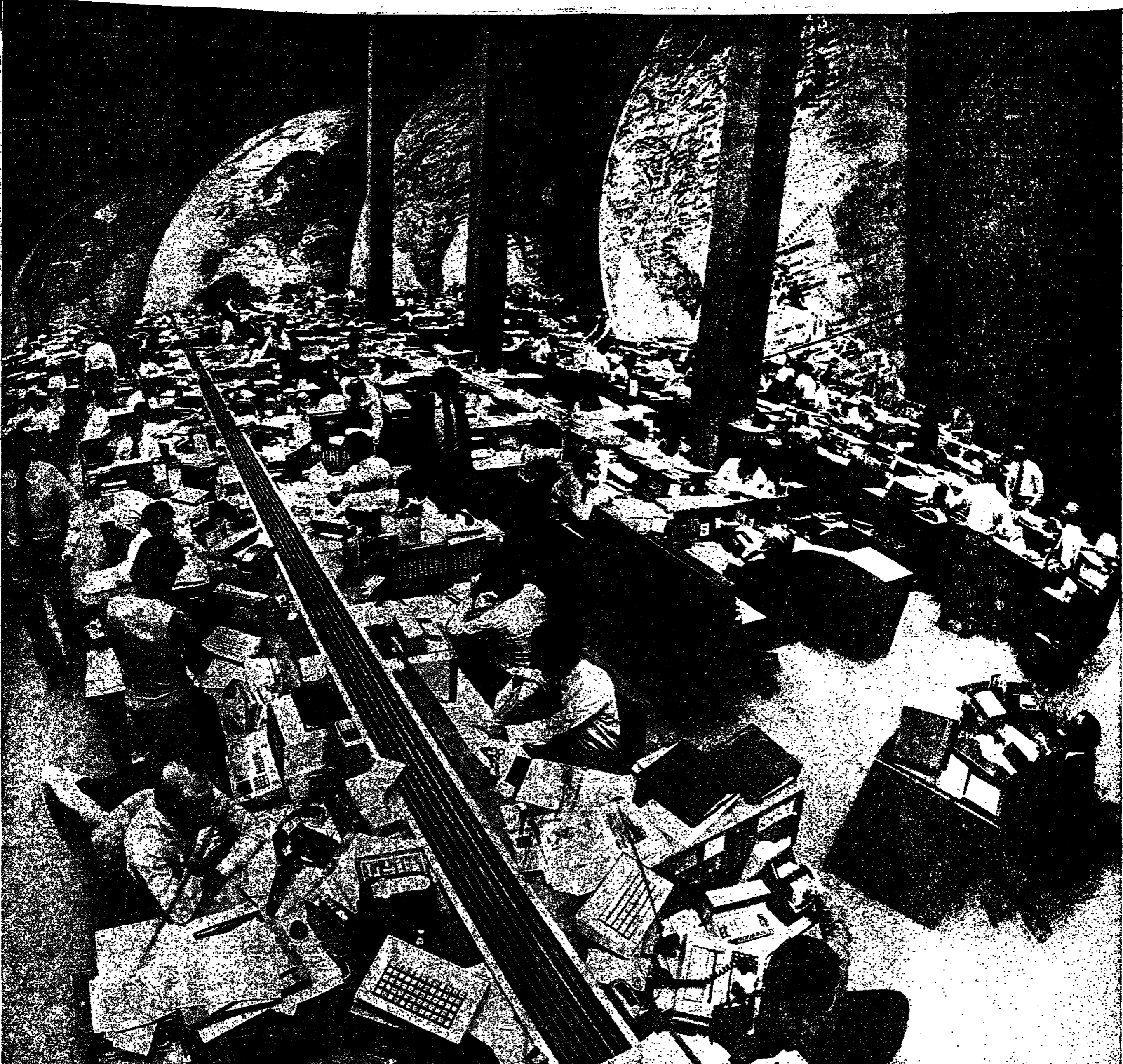
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THE WASHINGTON METRO

How to scare off the commuter

EVER SINCE the latest stage of buy a fleet of new buses for the Washington underground \$40m. which could take all the rail network was opened amid new passengers expected to use great fanfare more than three BART between now and 1990. months ago things have been Buses would be more flexible going from bad to worse. Doors in their use and not very much have jammed, the computer slower. They would cost less to control has been erratic—and a buy than the current operating lot of money is being lost.

An exasperated letter-writer in the Washington Post en-ber of planners does not accept quired angrily why it was that a the argument about energy stretch of London underground saving. In a report issued this built in 1865 works a great deal month the Congressional Budget better than Washington's brand Office insisted that buses or car new Metro, as the system is pools actually use less energy called.

But the current problems of systems and are much cheaper the system of, at present, 17 to run. The report says that miles do not merely concern the energy consumed in build-increasingly testy commuters. It ing new systems makes them was to have been a showpiece of very much less energy efficient what could be done to attract motorists on to public transport. The makers of these systems reject the report and others like it, arguing that in the long term rail systems are still the best way to move large numbers of people rapidly over short and medium range distances. Yet the experience with the Washington Metro suggests, at the very least, that planners should think very carefully before committing themselves to projects of this kind in the future.

Everyone is theoretically agreed, in these energy conscious days, that using a car to commute to and from work is rather anti-social. The U.S. Department of Transportation, for instance, calculates that if twice the relatively small number of people who now use public transport took the bus or the train it would save 1.3bn. imperial gallons of petrol a year. The accepted wisdom since the department was set up under President Johnson has been that new rail systems are the most effective way of enticing people out of their cars, and that they are also the most energy efficient. Several new systems have already been built. \$2.5bn. or about \$25m. a mile. notably the Bay Area Rapid Transit System (BART) in San Francisco and a new line near Philadelphia. But now, as in Europe, doubts have begun to arise.

Rapidly rising building and New York line by only two running-costs are one reason blocks, (less than 1 mile). That for the shift. San Francisco bill is expected to be for \$150m. planners reckon that they could or some \$126,000 a foot. In



The Metro sails by half a mile from the terminal building of the airport. No wonder Washingtonians stick to their cars.

general each new mile of New York subway is reckoned to cost between \$140m. and \$160m. These figures are very much higher than in Europe for all manner of reasons. One is that systems like the Washington Metro cross various local authority boundaries, precipitating interminable wrangles about who should pay what and how great a share. The Federal Government, which picks up most of the cost, periodically adds to the debate by suggesting that part of the routing should be reconsidered. Resolving the resulting delays is time-consuming, costly, and leads into all kinds of political minefields.

In the particular case of Washington there have been engineering problems, some of which could not have been foreseen. There has also been the crippling effect of inflation which has played an important part in pushing up costs. It is also true that the Washington Metro is one of the most beautifully built underground rail systems in the world. Simple stations with sweeping vaulted roofs, excellent air conditioning, good sound proofing, ultra-modern lighting, and very comfortable trains combine to make it a pleasure to look at. In a city as pre-occupied with crime as Washington, it has been carefully designed to reduce the possibility of mugging to a minimum. On at least one occasion two trains have stalled in mid-tunnel and no suffering commuters. When the system first opened they seemed more than prepared to accept why the automatic fare collection machines began spewing

out tickets, only with the San Francisco system. of these difficulties eventually, be lined out will be less easy to correct extraordinary. planning which located the Metro at the city airport half a way from the air term. Passengers must board shuttle bus or take a bridge across a three-lane road to from one to the other. Metro is now carrying a fewer riders a day than target and has already hundreds of angry commuters. So common here rush delays been these past months that many travel finding their journey lengthened by up to 45 min each way, have given up their cars.

It is in any case difficult persuade American commuters to leave their cars at home the past seven years the U.S. Mass Transit Administration the Department of Transportation has spent hundreds of millions of dollars on new bus new commuter carriages, the lib, but the number people who use them has gone up only 3.2 per cent. Even most optimistic urban plans do not expect that more than 90 per cent of all continuing trips will ever be made by public transport. Meanwhile, operating deficit of all urban transit systems was remarkable \$1.2bn. last year. Only a few federal grants now in many systems operating.

Boston the U.S. Government paying 75 per cent of the cost of a ride, while in Denver take another fairly typical example, the contribution is per cent. The Washington Metro rail system which covers area in which about 5m. people is expected to have a deficit this year of about \$76m.

There is little attempt made to synchronize the underground systems now being built elsewhere. Both Atlanta and Baltimore are currently building undergrounds, but their systems will each have different requirements for different carriage and other equipment. This means that possible economies of scale are gradually forfeited.

The Rohr Corporation, which built both the Washington and the San Francisco carriages will not be building any more. It is getting out of the underground railway business after sustaining, it says, some \$40m of losses.

Metro may yet demonstrate that much of the gloom is premature, and that the system can live up to its promise. BART is now very popular in San Francisco, for instance even if it is still having problems with computers four years after it opened. But Metro does not have much time left to satisfy its customers. An awful lot of commuters can be heard echoing the remark of one anguished lady after a particularly long rush hour wait. "They ought," she said, "to scrap the whole thing, fill in the hole and give us our money back."

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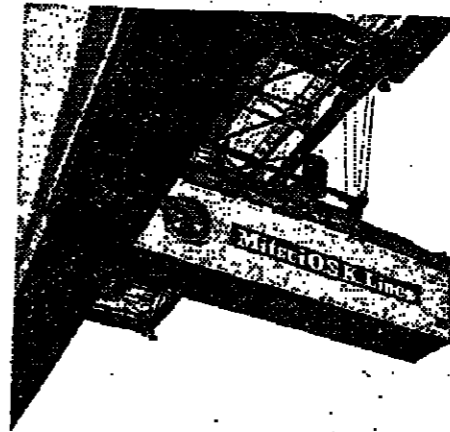


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The Property Market

BY JOHN BRENNAN

Indexing chalk & cheese

Dr Russell Schiller may be credited — or possibly blamed — for introducing a statistical approach to Hillier Parker May and Rowden's research department. His recent production, forecasting shop rents, met with the expected cries of "lies, damned lies, and statistics" from back-of-an-envelope specialists, and with purrs of approval from the actuarial representatives on institutional investment boards. Here at last was a properly researched paper that they could run a slide-rule over.

Now Dr Schiller has thrown caution to the winds. In partnership with the Investors Chronicle he has come up with no less than an index of all commercial rents.

The good doctor explains that this index is to provide institutional investors with a measure of "comparability with the FT All-Share Index."

Producing a comparable index of chalk and cheese can have been no easy matter. And

questioned about the value of generalisations about the whole British market for shop, industrial and office properties. Dr. Schiller does accept that there are "dangers of averaging."

The index attempts to avoid generalisation by establishing an hypothetical, national portfolio. It looks only at prime property; has taken note of institutional investors' geographic and property type preferences, and weighting the rental information accordingly; and is aimed primarily at that institutional audience.

Five months ago, when the base material was assembled, 19 assorted institutions indicated a preferred portfolio mix of 28.9 per cent. shops, 44.5 per cent. offices and 26.6 per cent. industrial property. Weightings were made regionally for each type of property, and by street and area in London. Hillier Parker produced rental data from 189 locations. And, as the charts show, the individual property type indices turned up some interesting comparative performance.

Until 1973 office rents out-

paced shops and industrials but have since fallen behind. Industrial rents top the chart from 1973. But they were the worst area for rental growth between 1965 and 1973.

The index producers say that Scotland outperformed other regions on all fronts, that suburban London offices rents rose faster over the whole period and fringe City offices the slowest. The controversial argument is also made that industrial rents have performed better the greater the distance from London. And on an inflation adjusted basis rents in all sectors are shown to have declined in real terms for the past three years.

What are institutional readers to make of this? We are told that until now investors have been without "hard statistical rental information on the performance of property to match the relative wealth of material available on equities and gilts."

Setting aside the problem of taking as hard evidence retrospective rental data on what today constitutes a prime portfolio, and ignoring the problems of attempting to consider a selective earnings index as a serious comparison with a widely representative index of capital value — the FT All-Share — one further problem arises.

The property market will welcome Dr Schiller's academic exercise as a brave attempt at the impossible. But others may see the rent index differently. Accountants, for example, are now reviewing the whole question of property company accounts. If they were seduced South, Mr. Ian Macaulay, who by the idea that it is possible to overcome the disparate nature of the property market and produce an objective formula for John Morton, L and G is putting rental trends, the implications

L & G chases pensions

Legal and General Assurance is about to launch the latest in a series of unutilised property investment schemes aimed at tapping the local authority pension fund market.

L and G had hoped to draw authorities into its £250m. Managed Fund when the 1974 revision of superannuation regulations permitted council funds to invest up to a quarter of their money in property. But the Managed Fund is structured as an insurance policy, and although the insurance element is more theoretical than practical it put the fund outside the Department of Trade's narrow definition of an acceptable investment vehicle for the authorities.

L and G is understood to have overcome DOT objections by establishing an unauthorised unit trust. It will be aimed at authorities and other exempt funds and charities that want income rather than accumulation units. Distributions are expected to be quarterly, and monthly unit subscriptions start on November 1.

The new unit trust's charges should be in line with those on L and G's Managed Fund, which has a 1 per cent front end loading and annual charges of a 1 per cent of the fund's value. National Westminster Bank has been lined up as trustees, and will nominate three of the trust's five-man board.

The bank has proposed the head of the National Association of Pension Funds, Mr. Ken Jones, as chairman. Mr. Ken Jones, who recently retired from stock-brokers Phillips and Drew, and of the property market and produce an objective formula for John Morton, L and G is putting rental trends, the implications

Ron Peat — and its investment manager, Mr. Peter Simon. Under the 1974 revision of the superannuation Funds, investment code they are allowed to put 75 per cent of their cash in investments other than government stocks and authorised fixed interest holdings. One third of that 75 per cent can be invested overseas or in property.

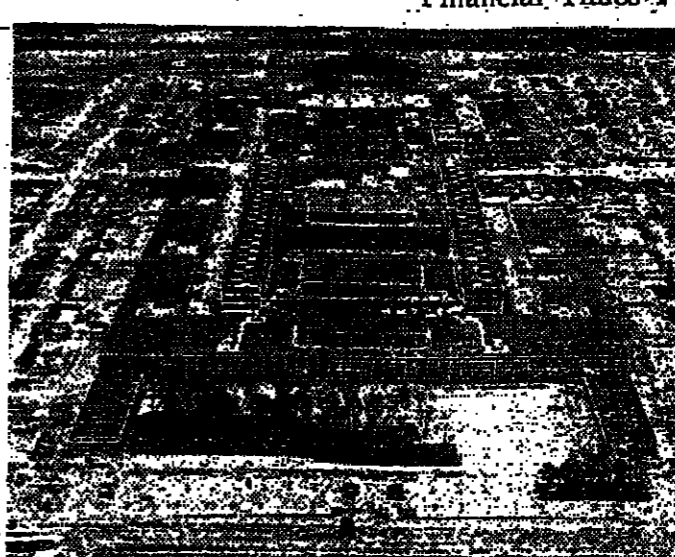
Authorities have tended to split their 25 per cent in the proportions: 10 per cent overseas and 15 per cent in property. With invested funds of just under £3,000m, and an annual income of around £280m, that 15 per cent is a market worth chasing.

Few individual funds have the resources or the expertise to make direct property investments. And as many funds are making up for lost time by top-upping their property holdings it is not hard to see why L and G is keen to tread path already taken by Hill Samuel, Lazard, Fleming and the Property Unit Trust Group in offering units. It is far more difficult to gauge the effect of yet another inflow of institutional cash on the temperature of what in historic terms is already an over-heated market for prime property.

In Brief

Pressure for space within walking distance of Lloyd's underwriting floor is producing some very fancy rents. Baker Harris Saunders managed to get just under the £27.50 a square foot asking rent for Arrow Life Assurance's 4,700 square foot office suite at 40 Lime Street, London and Hull Maritime and Donald Fox and Partners took the space and were advised by Jones Lane Wootton and Richard Ellis respectively.

Weatherall report signs of life in the Paris warehouse market. The firm has let more than 70,000sq.m. in the last nine months and expects to top the 100,000sq.m. mark by the end of the year. Rents still average between 115 and 150 F/m². But they are



A work to rule by John Laing's construction team brought plans for the topping-out ceremony of the largest covered shopping centre in Britain to an embarrassing halt last week. The half-mile long building in the centre of Milton Keynes contains 1m. sq. ft. of retail space and, builders permitting, it will open in three stages from next summer through to the autumn of 1979.

The Post Office's pension fund has committed £24m. to the project and a further £12m.

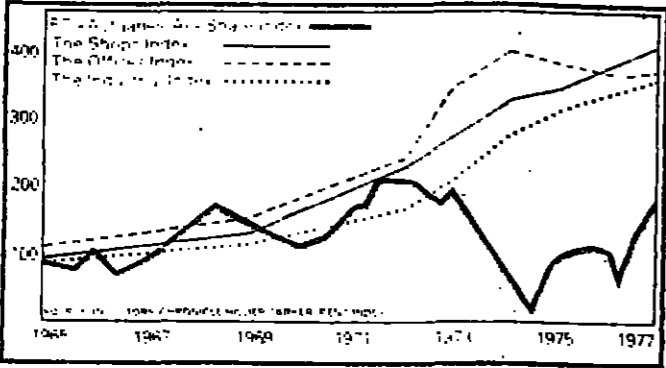
for infrastructure work has been chipped in by the Milton Keynes Development Corporation. Even after the Government's downward revision of its new town programme, Milton Keynes still expects to "more than double its 86,000 population by the mid-1980s."

Locally induced growth, along with the fact that the shopping centre will be built between London and Birmingham giving a shopping catchment area of 2.8m. within an hour's travelling distance,

was enough to draw in pre-lettings from classic shopping centres — anchor stores — John Lewis, Boots, F. & W. Woolworth, and, it talks, go well, British Home Stores.

The Development Corporation is keen to attract private funds into the town and, in an effort to attract exiles from London's office market, it has been seeking Government permission to extend leases on development schemes from 99 to 125 years to satisfy institutional investors. Central Milton Keynes has scope for 3m. sq. ft. of offices, and four speculative 150,000 sq. ft. blocks are already planned.

Building work on one of these sites which has been privately funded, starts in November. Other campus sites outside the centre are available for speculative development and as local air conditioned rents are expected to run to £4 a sq. ft. when the shopping centre is complete, the Development Corporation believes that Milton Keynes will become a major office relocation centre in the 1980s. The town is an hour's motorway and London, Birmingham and British Rail are expected to bring it onto the main Inter-City rail routes.



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For further information etc., contact the Valuation and Estates Department, reference VA/SUT/PLG, Greater London Council, Watermead House, 11 Sutton Court Road, Sutton, Surrey or telephone 01-843 5353 Extension 52.

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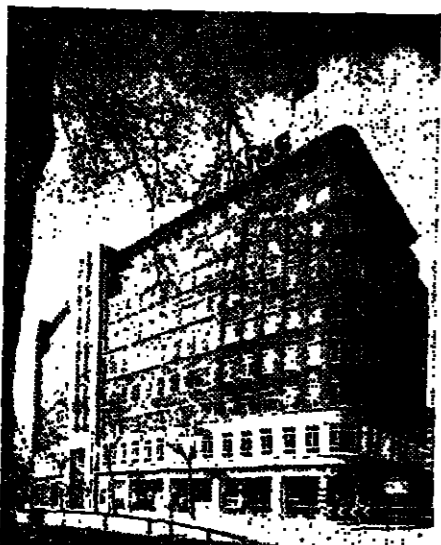
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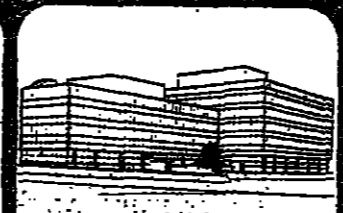
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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

METALWORKING

Strong joints in steel reinforcing bars

ALTHOUGH METHODS of 25, 32 and 40 mm, and the mechanically joining ribbed steel reinforcing bars for concrete are well known, including the splitting equipment developed by CCL Systems, this company considers that splitting has now progressed beyond means of solving access problems, etc., and has become both technically and economically competitive with conventional lapping.

The CCL Systems method consists of putting steel sleeves on the ends of the butted together reinforcing bars, and using a specially developed range of portable hydraulic presses to force the sleeves to the bars. The pressures applied are of great (over 100 tons) that the sleeve metal flows around the ribs on the bars. In tensile tests the joint has been shown to be stronger than the bars.

Diameters covered are 16, 20,

POWER

Battery drive in Europe

ZINC CARBON battery penetration of the European market is to be given a sharp fillip through the opening in Breda, Holland, of a large distribution centre to provide the surrounding European countries with batteries and associated products.

The batteries are a series made by Berec Europe, part of Ever Ready, at plants in Britain, Germany and Italy, supplying marketing operations in the EEC and Nordic countries.

Provided in three grades, the top one of which is three times longer-lasting than the lowest one of the series, the latter described as "giving a good economic performance at a low cost," the batteries are priced at about half the corresponding alkaline manganese types, which have gained considerable ground on the German market.

Berec Europe sees its product as suitable for some 90 per cent. of applications and, in particular, where operation of the powered appliance is not continuous.

More from the company on 01-466 1313.

TEXTILE PRINTING

Complex designs on shirts

TRANSFER printing of complex multi-coloured designs by an all-dry process has, since its introduction, largely been confined to the application of disperse and sublimable dyes on to polyester fabrics. It has long been the desire of the trade to extend the concept to all other types of fibres, but until now

this has proved to be virtually impossible.

New process reached the commercial production stage and is being used for applying extremely complex designs to cotton T-shirts for a major retailing group.

The process is basically very simple. A transfer paper is coated with a film before being printed with the various inks

NAVIGATION

Air cushion will break the ice

WITHIN the next few weeks the U.S. Coastguard will be using a hover platform to keep the Mississippi and Illinois rivers free of ice.

The Mackley Ace (USA) Inc. of Washington, an offshoot of Mackley Ace of Fareham, Hants, is building the platform which is to be given a three-month trial. The American company developed the hover platform's ice breaking ability when it operated two 160-ton hover ferries across the frozen Yukon River in Alaska last year.

STEEL BARS AND SECTION

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High degree of definition

TRADITIONALLY textiles have been printed by various systems such as the craft hand block process — the oldest — engraved copper rollers and by flat screens which operate very much on the stencil principle. In recent years the flat screen has increasingly been displayed by the so-called rotary screen which consists of a suitably engraved metallic tube that operates in much the same way as the engraved copper roller, except that the colour is forced through the rotary screen.

This offers the textile printer a quality of print that compares very well with the slow flat screen system, but at printing speeds that come very close to the roller printing machines.

A new and patented rotary screen printing machine called the Uniroto has been developed in France by SACM (British agents: Allertex, Lower Paradise Street, Bradford BD1 2EP. Tel. 0274 237331). The operating system is comparable with other machines of this type, but with the Uniroto a new type of squeegee has been used. This is pneumatically controlled by inflated tubes running across the width of the squeegee which is inside the rotary screen.

Colour is fed into a small reservoir above the doctor blade of the squeegee and then flows over the "well" and down to the "V" between the blade and the inner surface of the screen. The angle of the blade can be adjusted from outside the printing head by varying the pressure of the upper inflated tube. Pressure of the squeegee blade against the screen is varied by a lower tube which adjusts the rate of "push through" colour. This gives the printer a very wide range of selection of printing conditions.

The builders claim that with the Uniroto machine the most delicate of fabrics can be printed with an extremely high degree of print definition and that even with the heaviest prints there will be complete regularity of colour application from edge-to-edge.

Two versions of the machine are currently being built. The first can have between four and eight printing heads, while the larger machine is built with eight to 12. Pattern repeat will normally be 640 mm. Printing widths are from 1,500 to 2,400 mm, and 2,800 to 3,200 mm. Operating speeds will vary according to the type of fabric being printed.

PROCESS CONTROL

New look at Setpoint

FOLLOWING its joining of the combination of programming read-only memo (FROM) and key-in instructions for more variable access.

The new mode will dynamically reduce the amount of large-scale wiring and control systems and virtually improve reliability, ease of maintenance and spares policy.

Setpoint is taking a centralized control, situated in a large scale, in of the unit would amount to a distributed intelligence approach similar to that now gaining ground in data processing.

For commercial weight (shop scales, etc) the company has developed a range of cell said to be more than competitive with goods currently used by scales makers. The result should be "no more parts" unit will require no maintenance.

GEORGE CHARLTON

Automatic bending

LVD Plating Machinery has a new computer numerical control system which can be supplied fitted to its new machines. The system is available in two distinct parts so that one or both parts can be specified according to requirements.

Combining the two systems, Digitmat and Digitroll, allows the entire operation of the press to be controlled from one panel.

LVD, Unit 4, Hicks Road, Markyate, Herts, Luton (93) 540909.

Digitmat P1062 makes it possible to select up to 128 different depth settings simply by using the pushbutton program selectors on the control panel. This means that 128 different bend angles can be stored in the machine. Each one of the angles can be repeated up to 10 times in any required preset sequence to suit the application. A processor issues signals to the drive motors controlling the mechanical stops or the hydraulic stops, depending on machine type. The stops are set to an accuracy of plus or minus 0.0004in.

The other half of the system consists of the Digitroll P1020 computer numerically controlled back gauging system. A processor, with direct reading, is used to control a drive motor which moves the back gauge to the selected position with an accuracy of 0.004in. The speed of the back gauge is automatically varied according to the distance it has to travel.

A choice of 128 different settings is provided and this number can be increased by using the settings in sequence or by repeating them. The main advantage of this system is that measurements can always be work during cutting.

A MACHINE for rapid cross or angle cutting of tubes, solid angles and profiles is now available from Neville, Seales and Co, London SW14 8TA. Capacity is 96mm diameter for ferrous or non-ferrous tube and 85mm by 85mm or 135mm by 70mm for solid sections.

The machine is powered by a two-speed, 14-hp electric motor which drives a 300-mm-diameter circular saw blade through a reduction gearbox.

Saw and motor form a pivoting head, counterbalanced by a strong spring. The operator lowers the head on to the work by means of a hand-lever. A pump driven by the motor continuously pumps coolant to the top of the saw blade, from where it flows down over the work. A hinged safety-guard rests on the on 3mm castor projectors.

JOHN CHITTOCK

Foreign language versions of the film have been made in French, Russian, Spanish, Portuguese and Italian, and other versions may follow. Sales engineers are also using the film on 3mm desktop projectors.

FILMS

Induction heating

THE benefits of induction heating for metal forging are the subject of a film, just released by GKN Birwело (Ukraine), a company linked with the pioneering of this technology over the past 20 years.

The film, *Focus on Induction Heating*, has the multi-purpose role of showing how the equipment is made, how it is used and how GKN Birwело has a particular expertise in this field.

Like so many multi-purpose films, this compendium approach is not entirely satisfactory and some of the most interesting facts emerged in discussion after the screening — such as the claim that gas heating is five times slower than induction heating, which works below the surface of metal.

Despite easier access to fossil fuels than to electricity, many new nations, claims GKN, are paradoxically willing to invest in the more sophisticated technology of induction heating. Already 70-80 per cent of the company's production is exported.

PLASTICS

Protecting the polish

LAMINATES, polished and plated, and many other sensitive surfaces may be protected against marking and other damage during fabrication, transport and handling with low-tack polyethylene film.

The adhesive is not degraded by ultraviolet light and the film is extremely flexible, resistant to moisture as well as to various chemicals.

After use, the film can be removed quickly and cleanly and no residue of adhesive is left on the polished surface.

Two new grades from Rotunda are coated on one side with a low-tack adhesive. One is a 50 micron material with a breaking strength of 10 N/10mm (4 lb/in.) and the other a 100 micron film with twice the breaking strength.

Available in clear or black grades from stock, the film can be supplied in various colours.

The film is available in widths from 38 to 1220mm in lengths of 100 metres. The thinner grade can be supplied in lengths of 400 metres for widths of 300mm up and the heavier grade in lengths of 200 metres.

Rotunda is at Holland Street, Denton, Manchester M24 3GH. 061-536-4439.

COMPUTERS

Keeps it cool

A BRITISH designed chiller unit for use in a computer room air conditioning system has been introduced by Wright Air Conditioning of Sampson Road, North, Camp Hill, Birmingham.

The chiller supplies cool water direct to the computer main frame and it incorporates three independent refrigeration systems, each having 50,000 Btu/hr. Rated capacity can be maintained with only two of the systems in operation.

Water supply to the computer at 55 degrees F is kept above room dew point, thus eliminating sweating on the feed pipes.

COMPONENTS

Infra-red emitters

WITH LOW degradation over a 10-year operating life, new infra-red emitters (OP-135/136) have been designed by Optron for use in pulsed applications.

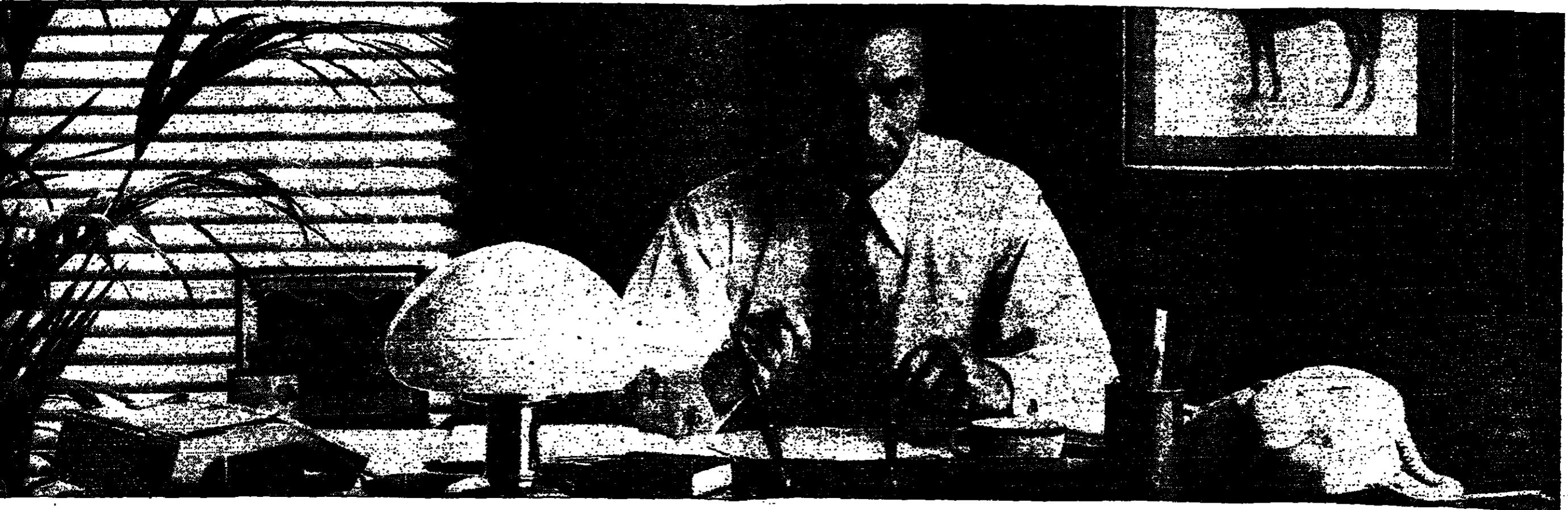
Both devices have a unique solution-grown epitaxial gallium arsenide chip to provide extremely stable output with operating time in either pulsed or continuous mode.

By reducing the current density of the chip, peak power out-

put, at an impulse of 0.1 amp (peak), 100 micro seconds at 10 pulses per second, is 20 milliwatts typical for the OP-135 and 35 milliwatts typical for the OP-136, maintaining the same input conditions. The average power input degradation is less than per cent. after one million operations.

Norbin Optoelectronics Division, Norbin Inc, Arkwright Road, Reading, RG2 0EJ. 0734 864411.

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John Smith

The Management Page

EDITED BY CHRISTOPHER

Terry Dodsworth describes the financial problems that have faced Group Lotus in its quest for a new market.

Drive into debt to launch a supercar squad

AS never afraid that we go bust because I would have poured in every last penny I had and taken the shirt off my back to keep the company going."

Colin Chapman, chairman of Group Lotus, talking to the press last week about the financial pressures that have faced the company since it was founded 20 years ago, public in 1958 and which has since become one of the most successful car companies in the world.

The crisis is now over, and the company is back on a growth path, with the introduction of £2.6m. of loans from the American International Banking Corporation.

It has been a close run thing, involving some unusual financial arrangements under the leadership of Chapman and other directors, and the company has had to raise the money to tide it over the critical period.

The factory at Hethel, near Salisbury, which was the test track for the production line and the site of the company's headquarters, was almost bankrupt last week's meeting at Hethel, near Salisbury, where a test track strip is a that stands as a monument to the crisis.

But the crisis is now over, and the company is back on a growth path, with the introduction of £2.6m. of loans from the American International Banking Corporation.

It has been a close run thing, involving some unusual financial arrangements under the leadership of Chapman and other directors, and the company has had to raise the money to tide it over the critical period.



"I was never afraid we might go bust because I would have poured in every last penny I had and taken the shirt off my back to keep the company going"

Colin Chapman, chairman of Group Lotus

and because production was sluggish, output remained hovering dangerously near break-even point. The result was a paper-thin £17,000 profit last year following a loss of £1.2m. in 1975.

It was because of these financial pressures that Chapman and Fred Bushell, the group's finance director, loaned the company a little over £200,000 last year. "We thought it would be beneficial," he told shareholders, because the company was "extremely short of cash."

Questioned about the rate of interest on the loan—finance charges of £49,000 are shown in the accounts—Chapman said that the average rate was about 1 per cent. below the current market rate for such money, and he added, he and Bushell had lost about £200,000 by selling securities to pay for the loan during the stock market low.

A second commitment, under which Group Lotus loaned one of Chapman's private companies £64,000, and which caused the accounts to be qualified on the grounds that the auditors could not be confident of their "recoverability," is less easily explained. Bushell says it had been intended that the money would be paid back quickly, and will be recovered by the end of the year. Amex, however, pointed out that the directors were leading the company far more than they owed it.

Whatever the rights and wrongs of these loan agreements, they give an insight into the tightly-knit Lotus business. By raising the loan for Group Lotus from his own resources—the money came from the share portfolio he had put together after the flotation of the car company—Chapman was trying both to keep the company independent and also to clear it of undue outside influence. He admitted to shareholders that his own inclination had been to soldier on this year without raising more money from outside.

progressing at the moment, the happy with the way the Group rate at which we are making Lotus business is run. Although profits and the way the market the bank has signed a tight is going means that we could agreement with the car com- have soldiered through. But pany, giving it an option on 97 per cent. of the equity, the we would have missed the opportunity to grow much faster in 1978 than we shall do now."

One point about the Amex loan agreement is that it will enforce a sharper definition of the Group Lotus business from the rest of Chapman's interests. But it will always be difficult to separate them completely. The entire operation revolves around Chapman. His ideas infect the engineering and styling of his specialist road vehicles just as much as they influence the Formula One cars. Chapman straddles both activities, and if he were taken away it is not at all clear what would be left.

Amex at least seems quite resting on the conviction that there is a solid core of buyers around the world who have sufficient money and inclination to invest in supercars, despite the shock they suffered in the oil crisis. In North America, this group accounts for about 50,000 units a year, and in the rest of the world it could be worth a similar amount.

Lotus is still only on the verge of testing this marketing concept with its new models. It launched the Elite only three years ago as the first of its supercars—the term is vague, but implies a luxury vehicle costing more than £8,000. This was a deliberate move away from its original base as a manufacturer of cheap, sporty kit cars. The kit car idea had been hit on the head by the ending of purchase tax (which kit cars avoided) in favour of VAT. To response, Chapman

decided on a decisive thrust-up market.

The move was extremely costly. Lotus claims to have ploughed £6m. into the project, which included the design of a new engine and three new cars (the Elite, Eclat and Esprit), the introduction of engine production facilities at Hethel, and an effort to bring as much component production in-house as possible. A lot of this work took place during the worst period of the oil crisis, when the whole of the car industry rocked on its foundations, in one period, in 1975, when Lotus hit the nadir of £1.2m. losses, the company had only one model to sell.

This unit can meet any emission test in the world up to 1984—which is more than can be said for almost any other European engine—and at two litres capacity it is more economical than other units in the supercar league. It also has plenty of potential for future development: designed as a slant four, it is easily adaptable to a V8 configuration and Lotus is currently working on a turbocharged variant.

Second, Lotus can change the bodywork on its cars with less strain than the average manufacturer. This is because its glass fibre methods do not require so much investment on tooling as mild steel bodies.

Third, it has already put in most of the groundwork and investment in a new dealer network designed to handle more up-market vehicles.

Fourth, the company now has the medium term finance to gear up capacity. It reckons that it can increase its present rate of output of a little over 20 cars a week to 30 next year, and has an overall potential of 60 in the future. In addition it could make 120 engines a week if it could find a buyer to take the extra product. Lotus has already seen productivity, reckoned as output per man, move from 1.37 units in 1975 to 2.28 this year, and it is aiming at a 12 to 13 per cent. return on turnover as against 7 per cent. at the moment.

These factors all mean that it should be easier for Lotus to move into its next generation of supercar production than it was to break into the field in the first place. "My avowed intention," says Chapman, "is to pay back Amex as quickly as we can, to get back to a position where we can write off development expenditure as it is incurred (Lotus had £985,000 capitalised in its last accounts), and to finance all our new models from revenue."

Clearly, Chapman has set himself some tough targets which the company will have to achieve under great strain to achieve. But if he manages to attain them, it would give Lotus its own special little niche in the history of the world motor car industry. It would thus become the only substantial new company to have established itself in Europe since the war.

Cash crisis

Most of Lotus's present financial problems can be attributed to this period of heavy investment. At the same time the cash crisis forced the company into an earlier launch of the Elite than it would have liked. Lotus admits that there were some quality problems with the early models. But it points to the strong recovery of the company this year—profits of £285,000 in the first half—as an indication that these difficulties have been overcome.

The question now is whether these short-term improvements hold out the prospect of a longer-term recovery. For that to be achieved Lotus needs to prove that it can adequately finance the next range of models, due in five to seven years, without the alarm bells ringing as they have in the last 12 months. Periods when new models are being developed are the time of greatest vulnerability for any motor manufacturer. But it is particularly so for the specialist producer, who is faced with a very high expenditure to-day on meeting legislative requirements (engine emissions, crash tests, etc.), without the large volume production to carry it.

The difficulties experienced by Aston Martin, Jensen, Maserati and Lamborghini in the last few years show the problem.

Lotus has four main factors working in its favour. First, it has already developed an aluminium engine which should last it for another 20 years.

The taxing matter of foreign currency

BY MARY CAMPBELL

A COMPANY may go to great lengths to match its foreign currency liabilities and assets, yet still find itself with a large tax bill because of the Revenue authorities' views on changes in currency values.

This is one of the points made in a booklet written by John Chown and Malcolm Finney. The aim of the booklet, which updates some of the authors' previously published works as well as containing new material, is to show how tax considerations bear on companies' foreign currency arrangements.

To quote a simple example: a British company which borrowed \$1m. to buy property in the U.S. in 1971 might, in selling the property after five years for \$800,000, make a real loss of \$200,000 (it is assumed that the income from the property exactly balances out the interest paid on the loan calculated in U.S. \$).

However, because of changes in exchange rates between 1971 and 1976, the company would show a taxable profit for the purpose of the U.K. Inland Revenue of £80,000; in sterling terms the property would have been bought for £105,000 (\$1m. at an exchange rate of \$2.48 per £) and sold in 1976 for £182,000 (\$800,000 at an exchange rate of \$1.66 per £).

Apart from knowing the rules, the booklet suggests three steps which the corporate planner should take in managing foreign currency positions. The first is to analyse the real foreign exchange exposure of the company or group; the second is to take a view (or preferably a range of views) on the likely currency movements; the third is to optimise the risks, taking account of the various ways in which tax can distort the risk/reward relationship.

Foreign Currency Debt Management, by John Chown and Malcolm Finney, published by J. F. Chown and Co., £15.00

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FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4A 3DF
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Friday October 21 1977

Money supply pressures

THE SHARP increase in the money supply in September, announced yesterday, has once again raised doubts about the Government's ability to recede its present exchange rate policy—which is to resist appreciation—with the need for monetary restraint. The increase in M3 during the five weeks to September 21 was 2.2 per cent, bringing the cumulative growth for this financial year to 5.2 per cent. When scaled up to an annual rate, this comes uncomfortably close to the top end of the 9-13 per cent range within which the authorities are operating. With domestic bank lending still sluggish, the main reason for the increase was the inflow of funds from overseas, which appears to be continuing on a substantial scale.

Nice judgement

The Chancellor had little to say on this score in his speech at the Lord Mayor's dinner last night, apart from reiterating the Government's commitment to monetary restraint: in general he was clearly keeping his powder dry for next week's statement in the House of Commons. Mr. Gordon Richardson, the Governor of the Bank of England, referred to the September money supply figures in his speech but declared that they carried "no implication of failure to meet our targets for the year." He admitted, nevertheless, that the present situation "gives no grounds for complacency" in dealing with future developments "the exercise of nice judgement" would be required.

Although the Governor made no reference to exchange rate policy in last night's speech, the Bank made clear in its September Bulletin its rejection of the argument that the exchange rate should be allowed to rise; the Bank's anxiety—which is echoed in the CBI policy documents issued yesterday—is that the favourable effects on inflation might take a long time to come through, while the immediate consequence of sterling depreciation would be to damage industry by reducing profitability and competitiveness. If the inflow of funds continues at anything like its present rate, something will have to be done: either the money supply will press against the

U.K. investment

A more liberal approach to overseas investment is certainly one of the ways in which the benefits of North Sea oil should be put to use, as Mr. Edmund Dell has argued and Mr. Richardson emphasised again last night. Overseas investment, he pointed out, is a good way of securing a future flow of overseas earnings; this will be all the more important when the flow of North Sea oil has passed its peak. Mr. Richardson was right to stress that relaxation in respect of overseas investment would in no way damage the prospects for investment within the U.K. But in the meantime the short-term problem remains. The immediate issue is how long the Government can keep up its tight-rope act on the money supply and the exchange rate.

If the trends indicated in the September figures are sustained, present policies will have to be revised. A more liberal approach to overseas investment is certainly one of the ways in which the benefits of North Sea oil should be put to use, as Mr. Edmund Dell has argued and Mr. Richardson emphasised again last night. Overseas investment, he pointed out, is a good way of securing a future flow of overseas earnings; this will be all the more important when the flow of North Sea oil has passed its peak. Mr. Richardson was right to stress that relaxation in respect of overseas investment would in no way damage the prospects for investment within the U.K. But in the meantime the short-term problem remains. The immediate issue is how long the Government can keep up its tight-rope act on the money supply and the exchange rate.

Hard facts on Russian trade

THE Opposition Front Bench spokesman on Trade, Mr. John Nott, went in for some blunt speaking yesterday about our trade relations with the Russians. This whole subject has become so beset with pious hopes and diplomatic courtesies that it is easy to lose sight of just how unsatisfactory these relations have become: unsatisfactory, not on ideological grounds, but for straightforward economic reasons. Obviously, the time has come for an effort to put Soviet-British trade relations on a footing which would be likely to benefit the U.K. as much as it benefits the Soviet Union.

For as long as most people remember, Britain has run a deficit on its Soviet trade, and the gap has got steadily larger. Last year it reached £400m., and it looks set to hit the £500m. mark by the end of this year on a two-way turnover of around £1bn. Viewed in the context of Britain's global trade relations, this is, of course, a small figure. There are also special reasons for this deficit: a large part of our imports from the Soviet Union consists of minerals and other raw material which are re-exported, and these we consume would have to be imported from some other country anyway. However, the fact remains that despite repeated attempts by the British Government and business community to make British exports more attractive to the Russians—including the £950m. export credit set up by Sir Harold Wilson—the volume of goods sold to Russia remains ridiculously small. In fact we export less there than to Norway, a country with only a tiny fraction of the population.

Lesson to learn

As Mr. Nott pointed out yesterday, one lesson to be learnt from this is that the extension of government subsidised export credit seems to make little or no difference to the Russians. In the two and a half years since the credit was set up, our exports to the Soviet Union have averaged 7.5 per cent against 12 per cent. Indeed, the Americans, French and Japanese have all raised their exports by 15 per cent or more without offering credit terms that are more favourable than the British. Since the cost of export finance is getting on for twice that charged to the Russians, the real "loss" on our trade with Russia must be somewhat larger than the trade figures suggest. The implication behind Mr. Nott's remarks is that a Conservative government would allow the Wilson credit to lapse when it comes up for renegotiation in 1980. In the circumstances it would probably be right to do so, though one hopes that the Tories would also bear in mind what other western countries are doing so that the absence of credit does not become an actual handicap to British exporters.

Driven home

In fairness to the Russians, it has to be admitted that British exporters may not always be as competitive on price and delivery as many of their European and North American counterparts. Tackling the Soviet market is also a daunting business for which the British by history alone are perhaps less well suited than, say, the Germans. But many of our difficulties with Soviet trade stem from the Russians' ability to use their centrally controlled economic system to their advantage. Typical of this is the problem of shipping, another burning issue which Mr. Nott raised yesterday. The Russians are now in the process not only of expanding their merchant fleet at a very rapid pace, they are also seriously undercutting established freight rates in order to gain more business, and insisting on transporting an ever-increasing share of their trade with Britain in their own ships.

The message plainly needs to be driven home to the Russians that while we are keen to trade with them, the present situation is being viewed with growing concern. It is possible that Dr. David Owen said something of the kind during his talks in Moscow last week. One must hope that the Soviet Ambassador had good reason to counter Mr. Nott's speech with the promise that things would get better "in the near future."

Trying to solve the nuclear proliferation problem

BY DAVID FISHLOCK, Science Editor

ONE sure way of stopping the hijacking of airliners would be to stop using airliners. Even today only a comparatively small number of people use them — perhaps 2 per cent of the world population. A less convincing way of trying to stop hijacking would be to ban supersonic transports such as Concorde, or the grounds that it carries a richer and more influential cross-section of the fare-paying passenger trade, and therefore affords a juicier target.

The analogy may not be perfect, but the latter roughly equates with what President Carter was proposing last April — in his policy for preventing the proliferation of nuclear explosives — when he banned reprocessing of spent nuclear fuel and the use of its plutonium byproduct as a nuclear fuel. Like highly enriched uranium, plutonium can be used as a nuclear explosive. At the London Summit in May the President tried hard to persuade other nations to follow the U.S. example, and declare a moratorium on reprocessing through the current (PUREX) technology, which separates pure plutonium.

Only Canada (which does not reprocess its spent nuclear fuel) gave him any support. In the British view, an effective anti-proliferation policy "must go hand-in-hand with a viable energy strategy," and plutonium and its use could be part of such a strategy. But all seven nations present agreed to participate in Mr. Carter's proposal for an international review of nuclear technology. All agreed that the risks of proliferation were serious.

This review was launched in Washington on Wednesday, when 36 invited nations were represented at the three-day International Nuclear Fuel Cycle Evaluation Programme (INFCEP), opened by the President himself. INFCEP is envisaged as a two-year programme, although those closest to it predict that it may take nearer three. The British team, led by Sir Hermann Bondi, chief scientist at the Department of Energy, consists of officials from his department, from the Foreign Office, and from the U.K. Atomic Energy Authority and British Nuclear Fuels.

The underlying logic of such a review seems to be that since nuclear energy had developed on the back of nuclear weapons programmes in several of the pioneering nations—the U.S., USSR, Britain and France, for example—it may have followed paths which were insensitive to the risks of proliferation. Perhaps, as one U.S. official puts it, "we were simply carried along by the momentum of the past." Perhaps in unanimously (almost) proposing to use plutonium fuels and fast breeder reactors to burn them, the world's nuclear experts were

neglecting technologies intrinsically more resistant to proliferation; technologies which would make it still more difficult for terrorists or even governments to separate fissile materials pure enough to make a nuclear weapon.

Arch-disciple of the idea that proliferation-resistant paths exist—the "theory" of the "technological fix"—is Dr. Joseph Nye, a senior official at the U.S. State Department, and author of the chapter on nuclear proliferation in the influential Ford-Mittre report on nuclear power published last spring. Dr. Nye's chapter became the text of the new U.S. Administration's anti-proliferation policy.

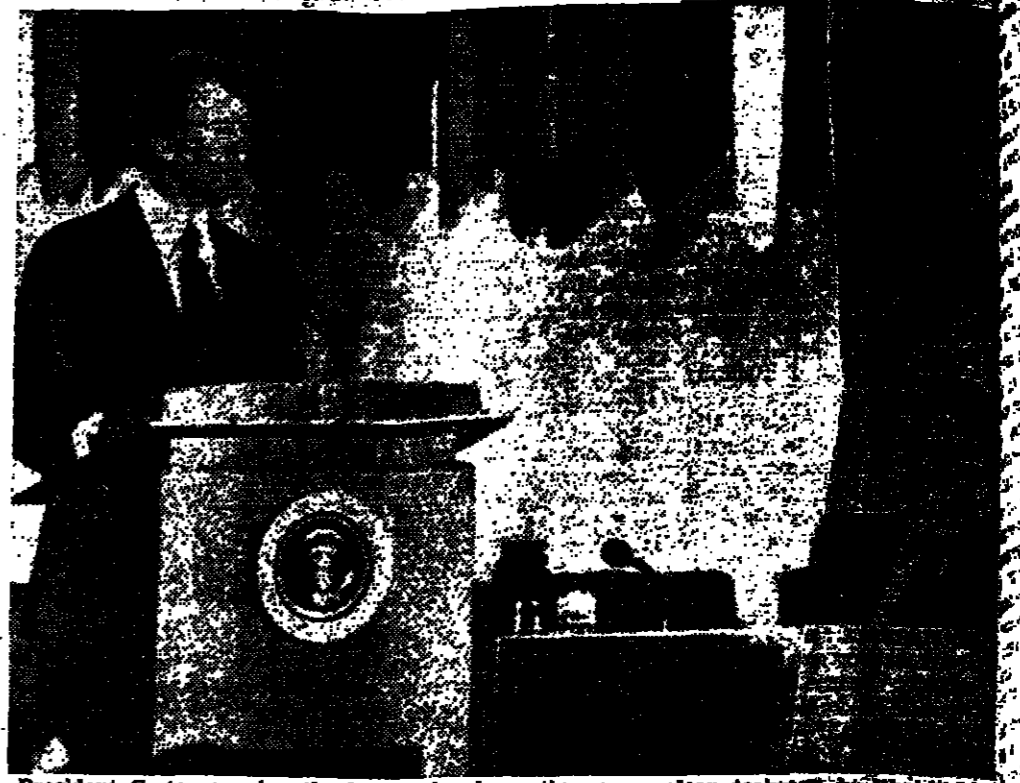
In Bonn earlier this month, Dr. Nye complained to politicians and senior energy officials that the U.S. anti-proliferation policy had recently often been misunderstood or misrepresented. He denied that there had been any "perceptible softening" of the U.S. policy, as the Financial Times had reported. But he pleaded for co-operation. Nuclear technology, he said, had been "diffused to the point that it is too late for any one nation to dictate."

Nevertheless, some of the technologically more advanced nations agreed to participate in INFCEP only on condition that they were not bound beforehand by any of its conclusions.

INTERNATIONAL NUCLEAR FUEL CYCLE EVALUATION PROGRAMME (INFCEP)

Work area	Description
1. Natural resources	Availability of uranium and thorium
2. Enrichment	Availability and distribution of enrichment capacity
3. Fuel assurance	Guaranteeing supplies for resource-poor nations
4. Reprocessing	Economic and proliferation implications of the various options
5. Breeder reactors	Alternatives that would minimise the circulation of explosive materials
6. Spent fuel	Problems of spent fuel and radioactive waste disposal
7. Fuel conservation	Ways of increasing the utilisation of fuel in thermal reactors
8. Advanced reactor concepts	Converters and other unexploited reactor types.

and — more important — that they were not expected to take any decisions affecting their own nuclear programmes while the review is still in progress. As British officials saw it, INFCEP was originally planned primarily as an excuse for calling a worldwide moratorium on plans for the commercial reprocessing of spent nuclear fuels, at least while INFCEP proceeded. However, the U.S. itself has since signed a bilateral understanding with Japan — in September — negotiated by Dr. Nye's chief, Ambassador Gerard



President Carter opening the international meeting on nuclear technology in Washington on Wednesday. Mr. Cyrus Vance, Secretary of State, left.

Smith. It gives Japan what it wanted: a U.S. blessing to commission its demonstration reprocessing plant at Tokai Muru, using spent nuclear fuel originally enriched by the U.S. Government (and therefore still subject to U.S. approval of any subsequent use), and a U.S. blessing to use the plutonium so separated for the development of Japan's fast breeder reactor.

The U.S. Government has plainly been shaken by the vigour with which its intentions have been criticised overseas, and by the weight of suspicion that it had formed INFCEP simply to yield results that would support its new anti-proliferation policy. U.S. officials have recently been at pains to stress that the Administration wants a truly international review which does not pre-judge the outcome. The latest definition of President Carter's strategy for INFCEP is "to develop a consensus on a commercial nuclear fuel cycle that is as proliferation-resistant as possible in the face of technological change."

On the other hand, attempts by European nations to put pressure on the U.S. and Canadian Governments to release supplies of uranium ore and enriched uranium which they are blocking, as a condition of participation, do not appear to have succeeded. But President Carter opened INFCEP with a proposal for a nuclear fuel "bank" which might be tapped by nations which find themselves cut off from their regular sources of supply.

However, any idea of a "technological fix" sufficiently resistant to proliferation to justify the nuclear industry retreating its steps has aroused great scepticism among nuclear industry leaders, in the U.S. as well as elsewhere. Dr. Joseph Dietrich, chief scientist of Combustion Engineering, a leading U.S. nuclear engineering company, advised

that there were some mysterious aspects of the nuclear fuel cycle that would somehow solve the proliferation problem. Nature had severely restricted the technological options for nuclear energy, and as he saw it, the proliferation threat "cannot be reduced substantially by technical means alone." But there was a possibility that technology might reduce the difficulties of designing new institutions for the control of proliferation and for gaining worldwide acceptance of such measures.

Perhaps most convincing of all, however, the International Atomic Energy Agency — enthusiastically praised by Mr. Carter on Wednesday and which has the problem of implementing the Non-Proliferation Treaty (NPT) — is deeply sceptical of the idea of a "technological fix." Its director-general, Dr. Sigvard Eklund, has warned repeatedly of the danger arising from those nations which still refuse to sign the NPT. His agency, 21 years old and technically highly sophisticated, has an obvious interest in any technology which might remove the problem of proliferation. Dr. Eklund, however, knows of none.

Dr. Eklund has also given a warning that any attempt to prohibit the reprocessing of spent nuclear fuel — as the U.S. Government was threatening in the case of fuel it had originally enriched for other nations — would probably encourage other countries to build their own reprocessing plants. The Windscale Inquiry into Britain's plans for building a new commercial reprocessing plant learned last week that Britain itself could be in serious difficulties if it does not prepare

MEN AND MATTERS

Twenty Club at sixes and sevens

When Professor Jim Ball, principal of the London Business School, rises to speak next Tuesday at a dinner in London's Dorchester Hotel, it is a fair guess that no tape recorders will be collecting his remarks. For Ball will be addressing the Twenty Club, at which last month's speaker was Sir Richard Dobson — around whom controversy now swirls because of his reported utterances on that occasion.

Ball told me yesterday that he has no qualms about keeping the appointment. "I do hope the audience will switch off their recorders," he said cheerfully. But nothing I say is going to cause a storm, anyway — my views on the economy are well known.

Far less talkative than Ball yesterday were the members of the Twenty Club itself. Indeed, it might be considered the most elusive business association in the country at this moment. The members, numbering several score, are mainly elderly and direct some of Britain's leading retail organisations. The Twenty Club president, John Fenwick, chairman of the company of the same name, was not to be traced. The honorary secretary, Anthony Pedlar, managing director of Broadbents in Southampton, was reported to be at a meeting in Liverpool and "unobtainable." No statement was forthcoming from Richard Burgess, assistant managing director of British Home Stores; he chaired the fateful Dorchester dinner meeting.

However, a statement was put out by Rowan Bentall, chairman of the department store group of the same name. Conceding to Tariq Ali's assertion that he was one of the 30 people who had listened to Sir Richard, Bentall stiffly declared: "The meeting was completely private. Any-

When in doubt — ask Len Murray

One of the less likely observers I spotted floating around the fringes of the Labour Party conference at Brighton two weeks ago was a man from the CBI. He was not there to report on what was said but how it was said, how business was formally arranged, speakers selected and technical points like that. His interest stemmed from the fact that the CBI is about to hold its first ever national conference in the very same conference centre next month. Under the circumstances the obvious thing to do was to see how the seasoned professionals got on with the job.

As veterans of Labour Party conferences will vouch, the greatest skill is shown in wording so-called composite motions out of a debate of resolutions sent in for debate by the faithful. The TUC has much the same kind of procedure. Should we not try our hand at a bit of composing ourselves, thought the men at the CBI, and who should we ask for advice? What about Len Murray, he's a real pro in such matters, they decided.

His advice was avoid composing like the plague; it exhausts all concerned before the contest has even got started. That rather unexpected advice set them back somewhat and it now looks as though the basis of discussion will be the CBI policy document "Britain means business 1977." Votes will be taken, after debate, on each of the



"We don't go in for fancy names, we believe in calling a spade a spade!"

chapters setting out the CBI's views on a wide range of topics. But chairman Lord Watkinson will also feel free to call a vote on any other matter which excites participants — like, for example, the hotly disputed question as to whether the CBI should link itself more closely with the Conservative Party, as the TUC is linked with Labour. They certainly won't be asking Len Murray's advice on that one.

Tough job

To be the head of the Paris Opéra may be one of the most glamorous jobs in France. It is also, as its present incumbent, Rolf Liebermann knows, one of the most hectic. So Bernard Lefort, just named to take over from Liebermann in 1980, may need a crash course in industrial relations to augment the knowledge of programme planning he acquired as former director of the Marseilles Opéra and currently of the Aix-en-Provence Festival. Swallowing up an immense chunk of the French cultural budget and bound hand and

foot by Ministry of Culture red tape, the Opéra is often the target of bitter criticism. With only 1,500 seats, it is half the size demanded by contemporary economics; its mechanics, particularly for scene-changing, are of archaeological rather than dramatic interest.

But toughest of all are the industrial relations. The Opéra's work-force belongs largely to the Communist-led CGT and two years ago a strike forced the French President to cancel invitations he had sent out to a galaxy of VIPs for a gala performance. M. Giscard d'Estaing has not forgiven the Opéra for this humiliation.

Keep trying chaps

The great divide of the Channel is revealed again, in the Renault organisation's latest issue of its publicity booklet, called the Worldwide Review. The 1976 version proudly declared that Britain had the "most dense dealer network in Europe." Executives in London sent a memo to Paris, where the booklet is prepared and printed, suggesting that to avoid misunderstandings the word "extensive" could well replace "dense." The 1977 version has arrived, saying that Britain has the "most expensive dealer network in Europe."

What a bore

From an Essex newspaper: "But even in 1977, class distinction could ruin family life. Indeed she knew of one case where a marriage had broken-up completely because the husband considered his wife's family to be socially unacceptable, her father being an artisan."

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POLITICS TO-DAY

BY DAVID WATT

The world's response to terrorism

STRONG AND simple emotions flow from the dramatic events brought about this week by the activities of the Palestinian and West German terrorists...

Outlaws Another conclusion, equally valid in principle but equally flawed in practice, is that the international community now cannot fail to agree on the necessity of making hijackers into genuine outlaws...

Letters to the Editor appreciate, however, that under current fiscal arrangements a large part of corporation tax can be deferred by investing in plant and machinery...

Executive earnings on the General Manager, Corporate Division. Sir, In the report (October 1977) by John Elliott...

Executive earnings (continued) Sir, I am intrigued by Mr. David Watt's article, October 14, on the Conservative's claim to be the party of the people...

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Police totting sub-machine guns at a control point in Hamburg yesterday in the hunt for the killers of Dr. Schleyer.

more mercenary or psychopathic activities. At that point almost all Governments allow some weight to the principle that "my enemy's enemy is my friend"...

Executive earnings (continued) Sir, I am intrigued by Mr. David Watt's article, October 14, on the Conservative's claim to be the party of the people...

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GENERAL Sir, Raymond Barre, French Prime Minister, ends two-day visit to Bonn.

TRAFFIC Sir, I am intrigued by Mr. David Watt's article, October 14, on the Conservative's claim to be the party of the people...

COMPANY MEETINGS Cedar Holdings, 20, Aldermanbury, E.C. 10, Deborah Holdings, Wakefield, 12, P.M.A. Holdings, Ropewalk House, 1-4, Warwick Street, W. 12.

BALLET Royal Ballet dance Voluntary, The Invitation, and The Concert, The Garden, W.C.2, 7 p.m.

To-day's Events



Bournemouth 1927. Bath chairs at 1/6d. per hour. National unemployment had topped two million and it was only a year after the General Strike...

Bowmaker financial services advertisement. Includes the Bowmaker logo (a stylized 'B' in a circle) and text: 'Bowmaker - a member of the Bowring Group'. The ad describes the company's history and services.

Executive earnings (continued) Sir, I am intrigued by Mr. David Watt's article, October 14, on the Conservative's claim to be the party of the people...

Alginite Industries up to £1.76m. at midway

TURNOVER up from £688m. to £727.7m. and profit of £1.19m. to £1.76m. for the first half to July 2, 1977.

Mr. W. R. Marton, the chairman, says that orders continue to flow from the depressed state market, particularly in the building and production of glass curtains to some small extent during July by shortage of raw materials, which should be relieved by the new dam due to completion next autumn.

Basic earnings are shown at 5p (3.9p) per 10p share and the dividend is held at 1.7p net with a final of 1p.

Turnover	2,982,203	2,211,644
Profit	228,263	158,413
Finance costs	12,121	26,499
Profit before tax	216,142	131,914
Taxation	39,379	23,500
Net profit	176,763	108,414
Dividends	88,382	78,718

After tax of £15,000 against £10,960m. revenue of the industrial and General Trust advanced from £1.54m. to £2,077m. for the half year to September 30, 1977.

First half earnings per 25p share are shown to have risen from 1.5p to 1.7p and to reduce disparity with the final interim dividend is lifted from 0.9p to 1.2p net—last year's final payment was 2.1p.

Net asset value per share at September 30 was 146.5p (123.3p).

Industrial & General advances

After tax of £15,000 against £10,960m. revenue of the industrial and General Trust advanced from £1.54m. to £2,077m. for the half year to September 30, 1977.

First half earnings per 25p share are shown to have risen from 1.5p to 1.7p and to reduce disparity with the final interim dividend is lifted from 0.9p to 1.2p net—last year's final payment was 2.1p.

Net asset value per share at September 30 was 146.5p (123.3p).

Central and Sheerwood up by 37.7% at mid term

THE ENGINEERING, printing and publishing, and financial services group, Central and Sheerwood lifted turnover by 16.5 per cent to £31.25m. for the first half of 1977 and increased pre-tax profits by 37.7 per cent from £1.46m. to £2.01m.

Dr. F. A. Singer, the chairman, says that while the engineering interests provide the bulk of profits it is encouraging to report that other activities have also improved their trading performance.

The present level of group trading indicates that second half pre-tax profits will exceed those of the first. The changes occurring in the composition of the group in the current year are expected to bring additional benefit to profit performance.

First half earnings before extraordinary items expanded by 39.7 per cent from 1.9p to 2.7p per 5p share. The interim dividend is 1.25p net (1p) absorbing £380,000.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interim or final and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY	
Barclays—Scott International, Coates, Royal, Phoenix, Duxbury, Ever Ready, Phoenix (London), Taylor, Palliser, Franks—Ben Baker, Crompton, Estates Property Investment, Howard and Woodham, Lister, N.T.D. (Maastricht), A. and J. Mackenzie, C. R. Pearce, Proscoc.	
FUTURE DATES	
Associated Power Engineering	Oct. 26
Continental Union Trust	Oct. 26
Francis Industries	Oct. 26
Robertson	Oct. 26
Scott & Robertson	Oct. 26
Steele International	Oct. 26
Trust Union	Oct. 26
U.S.M.	Nov. 1
Robertson Adlard	Nov. 1
Scott & Robertson	Nov. 1
Steele International	Nov. 1
Trust Union	Nov. 1
U.S.M.	Nov. 1
Robertson Adlard	Nov. 1
Scott & Robertson	Nov. 1
Steele International	Nov. 1
Trust Union	Nov. 1
U.S.M.	Nov. 1

wholly-owned subsidiaries, has joined the Board of Central and Sheerwood with effect from

Central and Sheerwood pre-tax profits led by an increasing export content, are continuing to advance with a 38 per cent gain at the halfway stage and the traditionally better second half is still to come.

Mr. L. J. Thomas, chairman of the Newton Chambers Engineering and Ransomes and Rapier, both source. Meanwhile direct and in-

NEXT APRIL FOOL'S DAY, MAKE SURE THE JOKE'S NOT ON YOU — OR YOUR EMPLOYEES.

The new State pension scheme comes into effect April, 1978. You as an employer need to decide if your employees are to stay in the State scheme or be 'contracted out' by providing an adequate pension through your own Company scheme.

At FS Assurance, we've been providing pension schemes since 1899. We specialise in schemes for the small-to-medium sized company. Providing a personal service. A flexible service.

We will be happy to have our pensions experts calculate what it's going to cost your company for a pension scheme of its own. And we'll provide the detailed advice and guidance you need.

NAME: _____
 POSITION IN COMPANY: _____
 COMPANY: _____
 ADDRESS: _____
 TELEPHONE NO: _____

FS ASSURANCE LIMITED
 Over 75 years of Scottish Experience
 190 West George Street Glasgow G2 2PA
 Telephone: 041-332 6462

Scottish Mortgage headway

IN THE six months to September 30, 1977, taxable revenue of Scottish Mortgage and Trust Company expanded from £2.06m. to £2.31m.

First half earnings per 25p share are shown to have risen from 1.5p to 1.7p and to reduce disparity with the final interim dividend is lifted from 0.9p to 1.2p net—last year's final payment was 2.1p.

London & Montrose shows growth

After tax of £361,706, against £301,700, the attributable revenue of London & Montrose Investments Trust improved from £245,599 to £316,451 for the year to September 30, 1977.

Better first half for Neepsend

Mr. Stanley L. Speight, chairman of Neepsend, the steel and engineering group, told holders at the AGM that the group had done better in the first half of the current year than in the same period last year, and that he expected to be presenting a substantially better interim report.

Mr. Speight stressed the importance of the group's continuing expansion overseas. It helps the company to earn additional profits in overseas markets and, more important, it brought back work to the company's factories in the U.K., he said.

NEW HIBERNIA

At the AGM of New Hibernia Investments Trust the resolution was passed placing the company in members' voluntary liquidation.

Mr. A. K. Burns of Peat Marwick Mitchell and Co. (Dublin), was appointed liquidator.

Lon. Scottish Finance turns in £0.33m.

As forecast at the interim stage, second-half pre-tax profits of London Scottish Finance Corporation at £204,110 against 5.38p (4.68p) and a second net profit of £205,206 have contributed the major proportion for the year to September 30, 1977, giving a total of

Peters Stores slumps but now improving

Taxable profit of Peters Stores jumped from £249,978 to £449,978 for the year to June 25, 1977, after adding profit of £110,210 to the 22,386 and the surplus on property sales was reduced from 60,385 to £28,687.

Directors say that while the year was, at forecast, a difficult one, the company is now moving away from recession. Since there has been a large sale of which has continued to date.

Chambers & Fergus opens below budget

The crushing and refining divisions of Chambers and Fergus continue to operate profitably, though below budget Mr. G. H. Elliott, chairman, says in his annual statement.

The soy plant has been short of orders during the summer months and will have to make a start to meet even its modest target. But the potential earnings of the plant, and of the company remain considerable.

Gen. Scottish sees £0.53m.

Announcing an increase in the interim dividend from 1p to 1.5p net per 25p share, the directors of General Scottish Trust say that profits for the year to March 31, 1978, should reach £50,000 before tax at £20,000 before tax of £88,000 for September 30, 1977, expanded 1977-78.

Charterhall turns in £110,000

The return to profitability reported at midway has continued in the second half at Charterhall Finance Holdings resulting in a 66.73 per cent profit for the year to September 30, 1977, compared with a 5.7 per cent profit for the year to September 30, 1976.

Mr. D. G. Williams, the chairman, says that there has been further advancement in the company's North Sea offshore oil interests, which represent the

Viking Trust lower in first half

With gross income down from £313,154 to £308,176, taxable profit of Viking Resources Trust dipped from £172,454 to £162,631 in the September 30, 1977 half year.

Revenue available for deferred dividends at Edinburgh Investment Trust for the half year to September 30, 1977, expanded 1977-78.

MONEY MARKET Further signal on rates

Bank of England Minimum Lending Rate 5 per cent. (since October 14, 1977)	
Overnight	5.4%
14 days	5.4%
1 month	5.4%
3 months	5.4%
6 months	5.4%
12 months	5.4%

A large amount was also lent overnight at M.R. to the same number of houses, and the authorities also bought a moderate amount of Treasury bills from the houses, making the total amount of help exceptionally large.	
These factors were outweighed by a slight net take-up of Treasury bills, a substantial excess of revenue payments to Exchequer over Government disbursements, and the settlement of gilt-edged stock, and a payment on the latest issue of tap-stock.	
Discount houses paid 4 1/2 per cent for secured call loans at the start of the closing balances were taken at 3 1/2 per cent.	
Rates in the table below are nominal in some cases.	
U.K. 20 1977	U.S. 20 1977
Overnight	5.4%
14 days	5.4%
1 month	5.4%
3 months	5.4%
6 months	5.4%
12 months	5.4%

Which construction company owns 100 quarries with reserves of 3000 million tonnes of stone?

Tarmac

But where do these huge natural resources go? Only about one third of our annual production becomes road surfacing. The other two thirds is sold for the manufacture of such diverse products as iron and steel, chemicals, adhesives, sugar, glass, plastics, rubber, ceramics, cattle foods. Not to mention vast quantities for concrete, rail ballast and filter beds.

We also manufacture and lay more roof waterproofing materials than any other company in Europe.

Our private house building operation is the 3rd largest in the UK.

And on any day of the year we're engaged in as many as 700 building and civil engineering projects at home and overseas.

This strength in depth gives us a unique balance in the construction industry.

Rich in resources. Big in construction.

Financial Times Friday October 21 1977
HOME
Taylor Woodrow
ins U.S. coal
ining partner

Group Gold Mining Companies
Orange Free State

Reports of the directors of the quarter ended 30th September 1977

Free State Geduld Mines Limited

Table with columns: Quarter ended, Year ended, Operating Results (Yield, Revenue, Profit), Financial Results (Share of profit, Dividend), Development (Shaft area, Advance metres).

President Steyn Gold Mining Company Limited

Table with columns: Quarter ended, Year ended, Operating Results (Yield, Revenue, Profit), Financial Results (Share of profit, Dividend), Development (Shaft area, Advance metres).

President Brand Gold Mining Company Limited

Table with columns: Quarter ended, Year ended, Operating Results (Yield, Revenue, Profit), Financial Results (Share of profit, Dividend), Development (Shaft area, Advance metres).

Free State Saaipias Gold Mining Company Limited

Table with columns: Quarter ended, Year ended, Operating Results (Yield, Revenue, Profit), Financial Results (Share of profit, Dividend), Development (Shaft area, Advance metres).

Western Holdings Limited

Table with columns: Quarter ended, Year ended, Operating Results (Yield, Revenue, Profit), Financial Results (Share of profit, Dividend), Development (Shaft area, Advance metres).

Welkom Gold Mining Company Limited

Table with columns: Quarter ended, Year ended, Operating Results (Yield, Revenue, Profit), Financial Results (Share of profit, Dividend), Development (Shaft area, Advance metres).

JOINT METALLURGICAL PRODUCTION SCHEME

Table showing summary of metallurgical production scheme with columns for Quarter ended, Year ended, and various production metrics.

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA, LIMITED

Notes and financial information for Anglo American Corporation of South Africa, Limited, including details on reserves and production.

QUESTIONS OF FREDDIES CONSOLIDATED MINES LIMITED

Text detailing questions and answers regarding the operations and financials of Freddie's Consolidated Mines Limited.

QUESTIONS OF PRESIDENT BRAND GOLD MINING COMPANY LIMITED

Text detailing questions and answers regarding the operations and financials of President Brand Gold Mining Company Limited.

QUESTIONS OF PRESIDENT STEYN GOLD MINING COMPANY LIMITED

Text detailing questions and answers regarding the operations and financials of President Steyn Gold Mining Company Limited.

QUESTIONS OF FREE STATE GEDULD MINES LIMITED

Text detailing questions and answers regarding the operations and financials of Free State Geduld Mines Limited.

QUESTIONS OF FREE STATE SAAPIAS GOLD MINING COMPANY LIMITED

Text detailing questions and answers regarding the operations and financials of Free State Saaipias Gold Mining Company Limited.

QUESTIONS OF WELKOM GOLD MINING COMPANY LIMITED

Text detailing questions and answers regarding the operations and financials of Welkom Gold Mining Company Limited.

QUESTIONS OF WESTERN HOLDINGS LIMITED

Text detailing questions and answers regarding the operations and financials of Western Holdings Limited.

QUESTIONS OF ANGLO AMERICAN CORPORATION OF SOUTH AFRICA, LIMITED

Text detailing questions and answers regarding the operations and financials of Anglo American Corporation of South Africa, Limited.

Dow reverses early loss net 2.6 Dollar improves

BY OUR WALL STREET CORRESPONDENT

AFTER LOSING further ground this morning, still reflecting news of a slowdown in Gross National Product growth in the third quarter, stocks on Wall Street showed some recovery in response to mild bargain hunting and finished with mixed movements on balance.

The Dow Jones Industrial Average, after yesterday's 9-point fall to a new two-year low, weakened further to 804.66 before rallying to end a net 2.60 up on the day at 814.80. The NYSE All Company Index was finally 13 cents better at 330.73, after touching 330.47, although declines led gains by 7.83 to 674. Trading volume contracted by 1.51 million shares to 20.32 million, compared with yesterday.

Analysts said the market gained some late support from speculation that this week's Money Supply report would show a decline after two weeks of share expansion. Interest rates have risen as the Federal Reserve has threatened to feed a new inflationary spiral.

At the market close, the Fed reported that basic Money Supply was unchanged in the latest reporting week, while the broader M2 measure was up by \$483 million. Poland was active but down \$1.12 at \$26.6 on a slump in third-quarter profits.

In fact, however, rose \$1.10 to \$23 on news that the company has received several acquisition approaches in the past six months. Seville, on higher quarterly profits, gained \$1 to \$19.

The AMERICAN SE Market Value Index closed 0.18 firmer at 115.82 after moderate trade. Volume 2.20 million shares (2.14 million).

THURSDAY'S ACTIVE STOCKS
Change in closing prices of 15 stocks traded on the New York Stock Exchange.

Table with 5 columns: Stock, 10/20, 10/19, 10/18, 10/17, 10/16. Includes titles like Amstar, Dow Chemical, etc.

Indices

NEW YORK—DOW JONES table showing closing, high, low, and previous days' data for Industrial, Mid-Cap, Transport, Utilities, and Total Return indices.

OTHER MARKETS

Canada easier again

Further declines were recorded on Canadian Stock Markets yesterday following a heavy turnover. The Toronto Composite index shed 0.4 to 112.17.

Indices

NEW YORK—DOW JONES table showing closing, high, low, and previous days' data for Industrial, Mid-Cap, Transport, Utilities, and Total Return indices.

STANDARD AND POORS

Table with 5 columns: Stock, 10/20, 10/19, 10/18, 10/17, 10/16. Includes titles like Amstar, Dow Chemical, etc.

OVERSEAS SHARE INFORMATION

Extensive table listing share information for various international companies, including NYSE, London, Frankfurt, and other exchanges.

PARIS—Stocks were inclined to make further progress, the market index adding 0.3 to reach a new 1977 high of 56.7. Banks and Electricals were prominently higher, while Oils and Investment Portfolios were generally firmer. Foods, Buildings, Rubbers, Hotels, Printing, Stores and Chemicals were mixed.

FRANKFURT—Closing mixed after quiet trading. Industrials advanced Frs.30 to Frs.167.5, Telecommunications Frs.20 to Frs.350.0, and Petrochemical Frs.5.0 to Frs.54.0.

CANADA

Table listing share information for Canadian companies, including titles like Alcan, Bell Canada, etc.

STERLING
The pound sterling was weaker on the day against the dollar, but improved in terms of the Swiss franc, Dutch guilder and Japanese yen.

TABLES FOR CURRENCY RATES and EXCHANGE CROSS-RATES, showing rates for various international currencies.

EURO-CURRENCY INTEREST RATES

Table showing interest rates for various currencies (Sterling, Deutschmark, etc.) and maturities.

FORWARD RATES

Table showing forward rates for various currencies and maturities.

TOKYO

Tokyo market summary, mentioning Nikkei 225 and other key indicators.

BRUSSELS/LUXEMBOURG

Brussels and Luxembourg market summary.

AMSTERDAM

Amsterdam market summary.

PARIS

Detailed Paris market summary.

SWITZERLAND

Switzerland market summary.

MILAN

Milan market summary.

GOLD MARKET table showing gold prices and FOREIGN EXCHANGES table showing various exchange rates.

Financial Times Friday October 21 1977
CHANGES
proves GOLD
STERLING
AGENCY RATES
RATE

All the fun of the Motorfair

By STUART MARSHALL, Motoring Correspondent

MOTORFAIR has got off to a start... Earls Court has been filled by the light, sound... Officially, the whole operation of Motorfair is being run by the trade and not by the industry... The organisers hope to attract half a million paying customers...

Expertise

The organisers hope to attract half a million paying customers and reckon they will have covered their costs when the 250,000 mark has been passed... Beyond question, Motorfair strikes a new note among motor shows...

Encouraging

But the signs are encouraging... Motorfair seems to have caught the public's imagination and the organisers are well pleased with the attention of Rolls-Royce, Alfa Romeo and Mercedes...

Mitsui Real Estate Development Co., Ltd.
US \$ 20,000,000
6% Convertible Bonds due 1992
Credit Lyonnais
Chase Manhattan Limited
Commerzbank Aktiengesellschaft
Kidder Peabody International Limited
Merrill Lynch International & Co.
J. Henry Schroder Wagg & Co. Limited
Union Bank of Switzerland (Securities) Limited
Westdeutsche Landesbank Girozentrale
Hambro-Mitsui Limited

Sunley House, Wood Green N22
NEW AIR CONDITIONED OFFICE BUILDING
approx 88,600 sq. ft. TO LET
Every modern amenity including switchboard and telephones installed
IMMEDIATE OCCUPATION Will Divide
Joint letting agents
PEPPER ANGLISS & YARWOOD
Henry Davis & Co.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

AMERICAN NEWS

BankAmerica 19% ahead in third quarter

By Our Own Correspondent
IN LINE with the generally higher earnings being reported by the major U.S. commercial banks, BankAmerica, the nation's largest banking company, has reported a 19 per cent. rise in third quarter operating earnings.
Net income rose from \$93.1m. to \$110.4m. (76 cents a share) before allowing for securities transactions.

Sharp decline at Union Carbide

BY STEWART FLEMING

CONFIRMING the mixed earnings trends among the major chemical companies, Union Carbide, the second largest in the U.S. industry, today reported a sharp decline in third quarter earnings.
It emphasised its concern about the future earnings outlook by announcing that it is withdrawing from product lines and development programmes that do not meet its long term profit objectives.

Bankers Trust issue

NEW YORK, Oct. 20.

Bankers Trust plans to use \$22m. from the net proceeds of the \$100m. debenture issue to retire its Series B debentures, due on September 1, 1978.
The balance of the net proceeds from the debenture issue will be used for general corporate purposes, including investment in and extensions of credit to the corporation's subsidiaries, particularly Bankers Trust Co., its principal subsidiary.

Fearnley & Eger staff cutbacks

OSLO, Oct. 20.

NORWAY'S TROUBLED Fearnley and Eger shipping group has interest in an off-shore deal announced further staff cutbacks.
At the London talks, Fearnley and Eger's financial staffs agreed in principle to a London last week. Lay-offs of 18 or 19 per cent. were agreed earlier this year to reduce the payable over seven years.

Forestry fears confirmed

BY LANCE KEYWORTH

WILHELM SCHAUMAN AB's eighth term report for the first eight period ending in August, 1977, months of the year reflects a downturn rather than a real improvement in the depressed situation for the Finnish forest industry.
The parent company's forestry sales increased by 21 per cent. global upswing has fallen to Fmk.488m. (some 775.5m.) materialise.

EUROBONDS Market has a quiet day

BY MARY CAMPBELL

THE EURODOLLAR bond market was relatively quiet yesterday, with prices tending upwards in the morning and if anything easing back again slightly in the afternoon.
There was from the New York money supply figures due market conditions there.

Amex growth slows

Financial Times Reporter
AMERICAN Express, which is currently in the middle of a \$230m. plus bid battle for the Philadelphia Life Assurance Company, reports a rise of 30 per cent. in earnings for the third quarter of 1977, compared with growth rates of 39 per cent. and 25 per cent. in the second and first quarters.

Santa Fe Intl. onshore move

SANTA FE International Corporation has announced the reaching of an agreement in principle with A. W. Thompson, a Texas drilling contractor, to purchase all the outstanding shares of A. W. Thompson for \$22m. in cash and notes.

Canada wants to know more on Wesco bid

WESCO FINANCIAL CORPORATION said that it had received a formal written demand from the Canadian Foreign Investment Review Agency requiring Wesco within 14 days to give notice to the Agency of the proposed investment.

Medusa rejects \$98m. offer

NEW YORK, Oct. 20. MEDUSA Corporation, a Cleveland based cement producer, has rejected the \$97.7m. takeover offer from Moore McCormack Resources.

Peak earnings from Northrop

LOS ANGELES, Oct. 20. NORTHROP Corporation today reported that sales and earnings for the nine months ending September 30 emerged at best ever levels.



Continuing efforts to expand exports

Main points from the Chairman's Statement for the year ended March 31, 1977:
* Last year, I indicated that, whilst business conditions were far from healthy, I believed Neepseil would do better in the second half and achieve a result which shareholders would not consider unsatisfactory.

Table with financial data for various companies including Ingersoll-Rand, Transamerica Corp, Ethyl Corporation, Royal Trust Co, Central Soya Co, Sperry Rand Corp, Bank of New York Co, E. F. Hutton Group, Caterpillar Tractor, Upjohn Company, Baxter Travenol Labs, etc.

Advertisement for D. Neepseil featuring the company logo and name.

M P KENT LIMITED HOUSING + PROPERTY DEVELOPMENT

Summary of results year ending 30th June table showing sales, trading profit, interest paid, etc.

- * Group Profit is £818,329 on a turnover of £9,038,419 which is lower than the previous year...
* The Directors are proposing an increased final dividend of 1.46p per share...
* Cash Flow remains strong and with our current borrowing arrangements provides adequate facilities for the acquisition of selective sites...

Lord Kissin, Chairman, reports year of further growth in International Services.

- Prospects for the Company's services remain excellent, particularly in areas of rapid economic development such as the Middle and Far East.
● Over £3m. has been reinvested this year in the Company to develop and expand our Service business worldwide.
● International Services comprise: Loss Adjusting-Cargo Inspection-Marine Services-Non-destructive Testing and Inspection-Consulting and Laboratory Services-Freight Forwarding and Transportation, operating in 35 countries and employing 3,000 qualified staff.



Table with financial data for Esperanza Services: Year to 31.3.77, Year to 31.3.76, Fees and Turnover, Profit before Tax, Earnings Per Share.

Esperanza Trade and Transport Limited

JEFFERSON SMURFIT Interim Results to 31st July, 1977

Table with financial data for Jefferson Smurfit Group: Half year 1977, Half year 1976, Year 1976, Turnover, Pre-tax Profit, Dividend per Share, Earnings per Share.

- In general, sales activity in the period was good with worthwhile volume increases in many areas of our business.
● The results for our Irish packaging businesses were good.
● The first half year in the United Kingdom was excellent but the underlying industrial outlook is uncertain.

Advertisement for Jefferson Smurfit Group, Swords Road, SENTRY, Dublin 9, Ireland.

FINANCIAL AND COMPANY NEWS

NUM-TERM DEBITS

Staff cuts bare ans for file

is finding favour with... staff cuts... bare ans for file

Forestry fears

Forestry fears... market has a qu...

Brain loan

Brain loan... PEMEX

PEMEX

PEMEX... BARRAIN, Oct. 20.

REPCO plans rights issue

REPCO plans rights issue... REPCO, the major automotive products group, plans to raise \$A18.5m.

Takeover rules criticised

Takeover rules criticised... MARRICKVILLE Holdings today criticised shortcomings in Australia's Companies Act and Stock Exchange requirements.

Swire may bid for CPS

Swire may bid for CPS... RONGKONG and Shanghai Banking Corporation has opened a branch office in Amsterdam.

Buoyant supermarket profits

Buoyant supermarket profits... On the strength of favourable business prospects for the current year, all supermarket chains are planning to increase their capital bases through share issues.

JAPANESE REGIONAL BANKS

Plea for greater debt security

Plea for greater debt security... JAPAN'S regional banks, which bank debentures of Japanese financial institutions, compared with 37.7 per cent.

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Buoyant supermarket profits... On the strength of favourable business prospects for the current year, all supermarket chains are planning to increase their capital bases through share issues.

Takeover rules criticised

Takeover rules criticised... MARRICKVILLE Holdings today criticised shortcomings in Australia's Companies Act and Stock Exchange requirements.

Swire may bid for CPS

Swire may bid for CPS... RONGKONG and Shanghai Banking Corporation has opened a branch office in Amsterdam.

BANK OF AMERICA

NATIONAL TRUST AND SAVINGS ASSOCIATION

World Value of the Dollar

The table below gives the latest available rate of exchange for the U.S. dollar against various currencies as on Wednesday, October 19. These exchange rates have been compiled by Bank of America NT & SA's world-wide network of branches from various sources.

Table with columns: Country, Currency, Value of U.S. Dollar, Country, Currency, Value of U.S. Dollar. Lists exchange rates for various countries like Algeria, Argentina, Australia, etc.

For further information please contact your local branch of the Bank of America.

DOWDING & MILLS LIMITED

Summary of results year ended 30th June 1977

Table with columns: 1977, 1976. Rows: Sales, Profit before Tax, Retained Profit, Pence per share, Net Assets, Earnings after Tax, Net Dividends.

The A.G.M. will be held at the Chamber of Commerce, Birmingham, at 12 noon, Friday, 18th November 1977.

Copies of the Report and Accounts may be obtained from the Secretary, at the Registered Office, Camp Hill, Birmingham, B12 0JJ.

Electrical and mechanical repair engineers. DOWDING & MILLS

SELECTED EURODOLLAR BOND PRICES

Table with columns: STRAIGHTS, MID-DAY INDICATIONS, CONVERTIBLES. Lists bond prices for various countries and currencies.



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OCTOBER 1977

FARMING AND RAW MATERIALS

Potato crop doubled in France

By Christopher Parker THE FRENCH potato crop this year is more than double last year's harvest, according to the national growers' association. Liftings total 6.7m. tonnes compared with 3.2m. last year, and the quality is reported to be very good.

Rumours of Brazil sales hit coffee

By Our Commodities Staff LONDON COFFEE futures hit new 12-month lows yesterday. The January position climbed to £1,650 a tonne at one stage but ended the day 296 down at £1,545.2.

Brussels talks on call for soya import tax

By OUR COMMODITIES STAFF THE COMMON MARKET's Anti-Dumping Committee met in Brussels today to discuss renewed demands from EEC oilseed crushers for a Community tax on imports of Brazilian soyabean meal.

EEC fishing plan unveiled

By ROBIN REEVES THE EUROPEAN Commission today unveiled proposals aimed at breaking the year-long deadlock over the system of common fisheries policy to take account of last January's move to 200-mile limits.

Stockpile tin for copper Bill rejected

By John Edwards, Commodities Editor A PROPOSAL to sell 30,000 tons of surplus tin from the U.S. stockpile, and use the proceeds to buy 250,000 tons of copper, was narrowly defeated in the U.S. Senate last night.

Aluminium market plan

By Our Commodities Editor THE LONDON METAL EXCHANGE is to launch a new aluminium futures market within the next 12 months. A formal announcement of the decision to go ahead was made last night by Mr. Ian Foster, chairman of the London Metal Exchange Management Committee.

More money the key to lamb quality

By JOHN CHERRINGTON, AGRICULTURAL CORRESPONDENT DAVID MAUNDER is an idealistic butcher. A contradiction in terms, you may say, but nevertheless true. He is attempting to persuade farmers in the West of England to sell him the right kind of lamb for today's market. He is not alone in this. Many of his competitors are doing the same but none, I believe, with the persistence that he demonstrates.

Farmers told not to be complacent

By CHRISTOPHER PARKES BRITISH farmers were accused yesterday of not exploiting fully the marketing opportunities offered them through the U.K.'s membership of the Common Market. Nor have they made the most of the protection offered by the Common Agricultural Policy, according to Dr. Keith Dexter, head of the Government's farm advisory service (ADAS).

Grading

Nor are they dependent on Mr. Maunder alone. There are several other wholesalers in his district some of whose standards are not as tight as his are. There are also marketers where lambs can be sold alive, not only to butchers but to other farmers who think they can farm them on at a profit. Fatstock markets, where animals are sold live, are still popular particularly in the livestock farming districts.

Soviet sugar crop delays

By DAVID SATTER MOSCOW, Oct. 20. SOVIET AGRICULTURAL workers are making good progress in bringing in the sugar beet and sunflower seed crops, but the Soviet Press is expressing concern that the harvest is not proceeding fast enough in the face of the onset of cold weather.

U.S. Markets

Grains and coffee fall; copper firm. U.S. Markets. Grains and coffee fell, copper firm. U.S. Markets. Grains and coffee fell, copper firm.

COMMODITY MARKET REPORTS AND PRICES

Table with columns for BASE METALS, COCOA, and COFFEE. Includes prices for copper, tin, and various grades of cocoa and coffee.

COMPANY NOTICES

NOTICE OF REDEMPTION. European Coal and Steel Community (E.C.S.C.). U.S.\$2,000,000—4 1/2%—20 Year Bonds of 1966 due 1st December, 1986.

Table with columns for LONDON METAL EXCHANGE, SOYABEAN MEAL, and SUGAR. Includes prices for various metals, soyabean meal, and sugar.

Table with columns for RUBBER, GRAINS, and VEGETABLE OILS. Includes prices for rubber, various grains, and vegetable oils.

PRICE CHANGES

Table with columns for METALS, MEAT/VEGETABLES, and SOYABEAN MEAL. Lists price changes for various commodities.

Table with columns for SUGAR, WOOL FUTURES, and TURKEY MARKET. Includes prices for sugar, wool futures, and turkey market.

Table with columns for FINANCIAL TIMES, DOW JONES, and MOODY'S. Includes financial indices and market data.

Table with columns for TURKEY MARKET and other market data. Includes prices for turkey and other commodities.

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U.S. Markets #3. Grains and coffee fall; copper firm. U.S. Markets. Grains and coffee fell, copper firm.

FINANCIAL TIMES SURVEY

Friday October 21 1977

French Banking

The gloom which has hung over the French banking system in the shape of the Government's austerity measures and the Left-wing threat of outright nationalisation seems to be lifting. The Socialists and Communists are at variance over their common programme, and there are some signs of economic recovery.

ECONOMIC and psychoclimatic in which the banks have had to operate this year has been particularly difficult, though prospects for the autumn appear more optimistic than they did at the end of 1976. Funds have hung over the banking system — Prime Minister Raymond Barre's stabilisation plan, which acted as a damper on demand and restricted the flow of credit, and the nationalisation of the banking and financial system of the Left. As the banks are in a dim light has begun to brighten at the end of the tunnel. The first month of the Socialists to agree on a programme of their common sense has lessened the gloom of a Left-wing victory in the spring's general election, it still cannot be ruled out that the first faint signs of life in the economy are in the latest economic figures.

high cost of imported raw materials and foodstuffs, started to rocket again in the spring after a short-lived period of sharp drop of 10 per cent. relative stabilisation at the beginning of the year thanks to the price freeze and VAT cuts. The monthly rise in the cost-of-living index was still 0.9 per cent. in July, after reaching 1.3 per cent. in April and the number of

workers were offered inducements to return home, a new early retirement scheme was introduced and Frs.1.25bn. of supplementary credits for public works were provided. These measures produced immediate results, and in August the Government adopted a more important package providing for Frs.3.5bn. to be pumped into the

official discount rate was reduced by one full point to 8.5 per cent. at the end of August, thus giving the go-ahead to the banks to bring down their base lending rates. But the reduction of the latter from 9.6 per cent. was surprisingly small in the circumstances and most observers had expected that it would be cut by at least 0.5 per cent., given the fall in the rates at which the banks refinance themselves.

A break in the clouds

By Robert Mauthner, Paris Correspondent

workless steadily increased to more than 1.2m. in August. At the same time, however, substantial progress was being made in other important fields and the latest economic studies and indicators give some hope that the worst may be over even in those areas which have proved to be most resistant to M. Barre's medicine. The monthly trade deficit, which reached the all-time record level of Frs.3.8bn. seasonally adjusted, in November last year, has declined rapidly since then, though August, with an adjusted short-fall of Frs.1.85bn. compared with a deficit of only Frs.797m. in July, was again a bad month. The steady improvement in the trade accounts has no doubt

The increase in average hourly wages has fallen from an annual rate of 14.3 per cent. in July 1976 to 12.4 per cent. in July this year and this trend is at least beginning to work its way through to prices. While not too much importance can be attached to the rise in the cost-of-living index of only 0.9 per cent. in August, traditionally a month of very much reduced economic activity in France, there are a number of indications that the underlying trend of inflation is now on a downward path. Thus the price of services which are heavily influenced by labour costs, rises by no more than 0.4 per cent. in August, bringing the increase over the previous 12 months to about 9

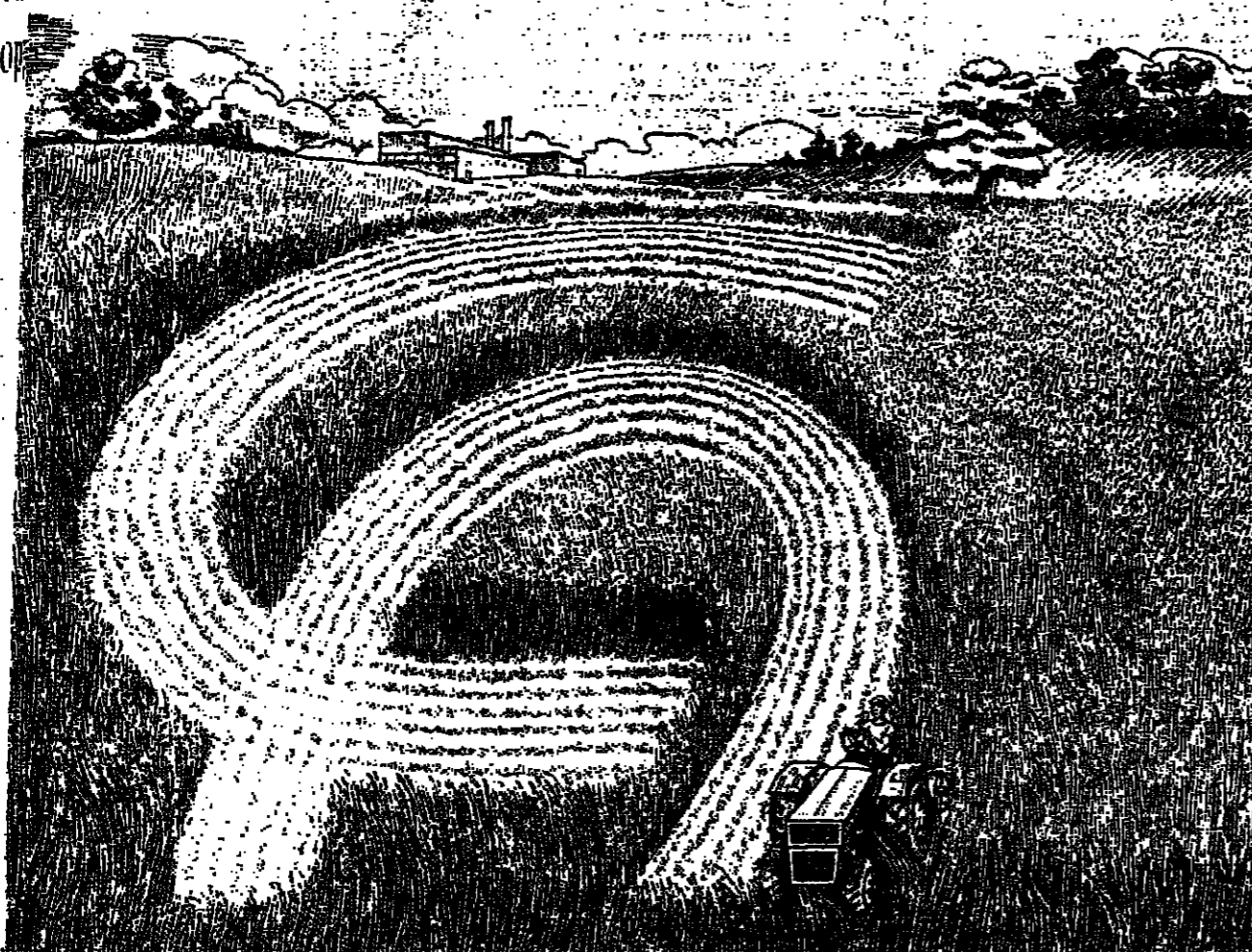
per cent., compared with 12.4 per cent. in the year up to August 1976. Significantly, too, the whole sale prices of industrial products have been falling since April and were only 2 per cent. higher at the end of August than a year earlier, while the prices of imported industrial raw materials have fallen by 9 per cent. over the past year. While refusing to take any full-scale deflationary action as long as inflation was still not under control and the trade balance was in deficit, the Government has been forced to adopt a progressively more expansionary stance by the serious employment situation. And when all the measures which have been adopted over the past year are added up, they amount to a total stimulus of at least Frs.12.5bn. Under what has become known as the Second Barre Plan, special incentives were given last April to employers who offered jobs to workers under the age of 25, the State under took to recruit thousands of new employees, immigrant

Household consumption has already started to recover and is expected to rise by between 2.5 and 3 per cent. in 1977 as a whole, with all the increase coming in the second half of the year. But the upturn in demand will not lead to an increase in the production of consumer goods until the beginning of next year, because of large existing stocks. Investment Orders for capital goods, which rose sharply at the beginning of the year but have recently declined, should start to recover towards the end of 1977. Industrial investment as a whole is expected to increase by 3 to 4 per cent. this year and thus reach the same level as in 1973-74, rather earlier than expected. There has even been a slight improvement in the most recent employment figures, with the number of workless, on a seasonally adjusted basis, dropping from more than 1.2m. in August to 1.16m. in September, coupled with a marked rise in vacancies. The outlook for 1978 is therefore brighter than was generally thought possible only a short time ago and M. Barre has forecast a rise in GDP of 4.5 per cent., compared with the revised prediction for the current year of 3 per cent. The official watchword, however, is still restraint and the Government's policies are likely to remain restrictive for some months to come.

Corollary

The results of the Barre Plan have been slow in coming through and opponents of the Government have made much play with the sharp rise in unemployment to post-war record levels which has been the corollary of the Prime Minister's austerity measures. Though M. Barre has always insisted that the situation would necessarily get worse before it started to improve towards the end of this year, even he must have begun to worry about the persistence of the adverse trends, particularly on inflation and employment. Thus prices, fuelled by the

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FRENCH BANKING II

Role of the Banque Ex de France

THE PAST 30 years has seen in France as elsewhere the increasing subordination of the banking profession to the dictates of economic and monetary policies. The mechanisms of control have been gradually refined, moving from the relatively simple rediscount platform which remained the basic tool of monetary control until well into the 1960s to the present armoury which includes credit ceilings, obligatory reserves and supplementary punitive reserves. This development has meant that to the traditional preoccupations of the banker—solvency and liquidity—has been added the need to avoid penalties for stepping over the mark imposed by the regulatory authorities.

This development has not been entirely negative for the banks. It has brought with it, notably, virtual escape from any real risk-taking in certain forms of lending which respond to national requirements and the subsidisation of interest rates by the Government.

This article deals particularly with the role of the Banque de France in overseeing the money market and in controlling the supply of credit. The point at which to begin the discussion is 1971, when the then Governor of the Banque de France, M. Olivier Wormser began to apply the reforms suggested by a committee set up in 1968 to study the means of pursuing monetary policy and the reform of the short-term money market. The leading light on the committee was the economist Robert Marjolin, a man with immense experience as an official in the national and international economic sphere.

From 1948 to 1971 the main source of supplying finance to the banks had been the use of discount platforms. Needs above this were supplied by the money market but the rates were almost invariably above the discount rate since they were determined essentially by the international monetary climate.

The purpose of the reform was to transfer the bulk of bank funding to the money market. The discount ceilings were abandoned and replaced by the temporary sale of first-class paper representing short and medium-term credits which had been subject to a discount agreement. At the same time the Banque de France announced that it would intervene only exceptionally in the market in respect of second category paper—commercial bills for example.

At the turn of 1972 stage two of this reform was implemented when the Banque de France substituted for day-to-day and term purchases of paper a system of outright purchase on the basis of a tender. This began the beginning of every reference period for the calculation of the amount of compulsory reserves—in practice near the 21st of the month. The object of these moves was to compel the banks to work out forecasts of their financing needs at longer term and, with further drain on the reserves, financing becoming somewhat more hazardous, push them towards a more cautious credit policy.

The Banque de France still possessed the means to control the market and effect marginal interventions to prevent changes in liquidity causing excessive rate fluctuations. In particular, it was prepared to buy securities on a temporary day-to-day basis towards the end of the market and the need not to ex-

GUARANTEED INTERNAL DEBT

(Fr.s. m. — repayable in francs)

Type of Debtor	Amount December 31, 1977	Additional issue
Autonomous and semi-autonomous public agencies and institutes (including the CNA)	138,453	
Municipalities and other local government unit development agencies	466	
Overseas territories and public agencies	245	
Nationalised services	21,562	
French Railways	10,344	
Overseas railways	34	
UNESCO and foreign governments and organisations	185	
Miscellaneous	56,569(2)	13
Total	228,335	23

(1) Represents new internal debt guaranteed by the Republic of France for the period indicated without taking into account repayment of guaranteed debt during such period.

(2) Includes a joint issue by a number of State-controlled institutions of bonds 1991 in an aggregate amount of Frs.3.5bn. for the benefit of small- and medium-sized enterprises.

reference" month to assist banks in need of money to meet their reserve requirements. The behaviour of banks and of borrowers is not linked by any arithmetical certainty to the movement of rates in the money market. In addition, of course, those rates themselves do not respond simply to the needs of the domestic economy because of the role disparities in interest rates play in directing the flow of capital across the exchanges.

Hence supplementary mechanisms are also available to act on banks' demand for money. One of these is the ability of the Banque de France to define the banking assets eligible as the basis for intervention operations. In addition, certain types of paper may be accepted only if the related credits were subject to prior mobilisation agreements—this condition would normally refer to short-term "trésorerie" (liquidity) credits or medium-term credits for specific capital equipment projects like exporting industry or construction, depending on broad economic priorities.

Interventions to mop up liquidity are extremely rare, the main mechanism to control liquidity being simply the rhythm of the Banque de France's purchase of securities. Over the past year the general policy has been to allow interest rates on the money market to come down slowly in order to encourage investment while insisting on the absolute priority of defending the parity of the franc. In the spring of 1976 the attack on the franc (which forced it out of the EEC currency snake) was met not by pushing up interest rates so much as by support operations in the foreign exchange market, and the cost to the reserves was \$3.4bn. in July, when the foreign exchange markets were again disturbed, interest rates were pushed up to avoid a further drain on the reserves.

From a peak of more than 11 per cent. for day-to-day money in 1977 moving down uncertainly towards 10 per cent. in the absence of international monetary alarms the rate has continued downward to reach 8 per cent., although over the past few weeks the strengthening of American interest rates, and the trend on the Eurodollar market and the need not to ex-

pose the franc to attack have some five years ago to banks to include in their "mun. portfolio" bonds issued by French companies provided they are quoted on the Stock Exchange and reduce in a maximum of seven days the interest in this market that it created a direct link between the money and the market. The compulsory reserves defence was far from being completely effective in time severe inflation because, come into operation only insofar as the need to compulsory reserves pushed banks to raise money on the money market and impelled rates upwards. It argued that the market itself might provoke inflationary pressure.

To limit the actual loss in money supply the system imposing credit ceilings penalising over-lending, instituted from 1972, with certain forms of credit loans to finance the purchase and installation of energy equipment or machinery excluded from the "ceiling".

Finally, the Banque de France errs on the side of caution because it does not want to find itself obliged to raise up rates quickly in the event of difficulties for the franc. It reckons that the present differential between Eurodollar and franc rates is satisfactory.

The administration of rates on the money market is one of the big guns in the Banque de France's armoury. The other side of this same defensive position is the direct imposition of controls on bank lending.

The system of compulsory reserves was introduced in 1967. It made banks' secure central bank money at market rate to keep in non-interest bearing accounts at the central bank. Originally calculated as a percentage of each bank's liabilities, since 1971 the amount has also been based on loans granted by banks and financial institutions.

Alongside this mechanism must be mentioned the provision covering minimum holdings of paper arising from medium-term loans which requires banks to finance mobilisable medium-term loans out of their own resources up to a minimum amount. This minimum amount is determined by applying a percentage—the "self-financing coefficient"—to deposits of under three years entered in the liability side of the balance sheet. The maximum is 25 per cent. Finally, a separate provision was amended imposed for short-term to

CONTINUED ON NEXT PAGE

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- Crédit Commercial de France
\$25,000,000 Floating Rate Notes due 1981
\$30,000,000 Floating Rate Notes due 1983
\$35,000,000 Floating Rate Notes due 1983
- Crédit Industriel et Commercial
\$30,000,000 Floating Rate Notes due 1981
- Crédit Lyonnais
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COMPARISON OF FINANCIAL STATEMENTS AS OF THE END OF JUNE 1976 AND 1977

(in thousands of FF.)

Assets	30.6.76	30.6.77	Liabilities	30.6.76	30.6.77
Banks	1 184 274	1 674 195	Banks	1 673 286	2 482 990
Advances to Customers	796 993	1 060 624	Customers' Accounts	224 626	167 840
Miscellaneous	109 358	118 242	Miscellaneous	120 583	127 012
Investments	4 068	7 766	Reserves	1 316	1 491
Fixed Assets	2 331	2 057	Share Capital	70 000	70 000
			Provisional Results	7 213	13 551
Total	2 097 024	2 862 884	Total	2 097 024	2 862 884

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Handwritten signature or stamp at the bottom of the page.

FRENCH BANKING III

External borrowing on the increase

THE leading French senior civil servants in the Ministry of Finance...

ESTIMATED FRENCH EXTERNAL BORROWING * (\$m.)

Table with columns: Year, Total external borrowing, Eurocurrency, State and State-guaranteed, Borrowings carried to State accounts, Percentage share by currency.

* French banking estimates of France's gross external borrowings, including undrawn facilities. These figures exclude inter-bank transactions and operations between central banks.

Does the Ministry of Finance have a queue system? The answer seems to be no.

Success Earlier this year, Electricité de France completed its third and very successful commercial operation on the New York market.

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Whether the whole operation was worth the furore created in France is difficult to say.

All may soon be forgotten, however, as CDF Chimie, the chemical branch of the State-owned company Charbonnages de France, will be raising \$50m.

it appear in next year's accounts. With the election coming next March, many financial directors will also feel it is welcome such a move as they are not at all happy with the extent to which spreads have fallen recently.

State-guaranteed borrowers have a promising future in front of them. In-home, the financial directors of nationalised companies will get used to the stream of foreign bankers looking for business as it is the like of EDP are as sophisticated as any in the market.

There is at the same time an increase in the role of the D-mark. The currency risk before the year is out and makes

Francis Ghilès

Placements

Bankers are not, however, worried by the level of France's debt overall. Looking at the figures for the first half of 1977, one point is worth noting.

There is at the same time an increase in the role of the D-mark. The currency risk before the year is out and makes

GUARANTEED EXTERNAL DEBT

Table with columns: Type of Debtor, Amount guaranteed during the outstanding period at Jan. 1, 1975, Amount guaranteed during the outstanding period at Dec. 31, 1976-May 20, 1977.

(1) Represents new external debt guaranteed by the Republic of France during the period indicated without taking in account repayment of guaranteed external debt during such period.

Table with columns: Currency, Franc equivalent (in millions).

At December 31, 1975, indebtedness denominated in European Units of Account (a total of 106.7m. EUA) represented an additional amount equal to Frs. 592.6m.

Table with columns: Currency, Franc equivalent (in millions).



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Advertisement for Banque de l'Indochine et de Suez Indosuez, including a world map and a list of branches and subsidiaries.

Friday October 21 1977

INTERNAL DEBT (repayable in francs)

banque de France

Continued from previous page

ice

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Advertisement for Al Saudi Banque with text: 'A new growing name in the investment banking.'

FRENCH BANKING IV

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Broader mission for Crédit Agricole

BUT FOR its Frs.257bn. consolidated balance-sheet, it could be easy to dismiss France's Crédit Agricole as simply another European rural-oriented co-operative bank. But not only is it difficult to ignore the world's third largest bank; the Crédit Agricole is also undergoing a dramatic internationalisation of its original vocation. This reflects the crucial position occupied by agriculture in the French economy and balance of payments and makes the institution something more than the first bank of the French farmer. Aply termed a "priority sector" by the Government, the agriculture and food industries together ranked second in the French economy in 1975, behind construction and public works, with a turnover of Frs.160bn. Beyond its role as the principal lender to this sector—a fairly constant 53 per cent. of all Crédit Agricole's medium- and long-term loans go annually to agriculture—the bank is the key agency in the Government's decision to achieve a big expansion of agricultural exports during the rest of the decade. The French Seventh Plan calls for the generation of a Frs.20bn. commercial surplus in the agro-food sector by 1981. It was thus no coincidence that, in his brief introductory remarks to the institution's latest annual report, Crédit Agricole managing director Jacques Lallemand dealt almost exclusively with "international financing markets" and the bank's contribution "to a better penetration of the country's agriculture... at European and global levels." In terms of the size and nature of its resources, Crédit Agricole is admirably equipped for the role envisaged for it by Executive Director for International Operations Serge Robert—"to become the international bank of agribusiness." Out of total resources of Frs.207bn. collected from the public at the end of 1976, only Frs.164bn. were outstanding in

loans. This high degree of liquidity has already made the bank the second largest supplier of funds to the Paris money market. Over the past 30 years, moreover, the Crédit Agricole has virtually freed itself of dependence on public funds; these stood at 3 per cent. of its resources in 1970 as compared with 80 per cent. in 1945. Crédit Agricole also enjoys remarkable freedom in the long-term use of its resources. Fully 46 per cent. of them are in the form of permanent assets (as opposed to less than 2 per cent. for each of the three French nationalised banks), greatly facilitating their long-term employment. And while other French banks remain dependent to a very large extent on other financial institutions for their resources—Société Générale, for example, for over 44 per cent., CCF for over 44 per cent., and BNP and Crédit Lyonnais nearly 36 per cent.—only 3 per cent. of Crédit Agricole's resources are derived from such institutions.

Land is expensive and the profitability of agriculture has required the use of larger and larger farm units. Operating expenses—for buildings, equipment, livestock, seed—represent four-fifths of the total capital invested in agriculture. Equipment loans, provided by Crédit Agricole in 1975 alone totalled Frs.6.88bn. More intensive cultivation and an increasing specialisation among agricultural firms have together compelled farmers to seek goods, services and even labour outside the immediate farming community. Over the last 15 years these factors have provoked a gradual if uneven trend toward greater concentration within French agriculture and related industries. If not perhaps producing a complete transformation of the sector, this process has none the less evolved to the point where to-day more than half the sector's turnover is handled by 116 major groups, chiefly from among the country's 3,000 farming co-operatives.

But this gradual concentration and increased capital spending has not been accompanied by improved earnings, and French agriculture has had to resort more and more to borrowing. Because of Seventh Plan proposals to improve agriculture's self-financing capacity through the expansion of standing credits from specialised institutions and Crédit Agricole's own history as a mutual credit and co-operative organisation, the bank remains the sector's ideal financial partner. Indeed, the bank in 1975 provided

French co-operatives with per cent. increase over the previous year. But the bank has also been cautious in "means rather than an end", an important lender and participant in the exchange of foreign banks in particular, as well as in Eurocredit other banks, governments, foreign State agencies. It requires not only modernisation and greater productivity but also a new orientation on the part of farmers and agribusinessmen toward foreign markets.

Overcome

Thus the primary objective in creating Crédit Agricole's international department at the group level, which became fully operational in March, 1975, was to make available to the bank's customers and members international services comparable to those offered by other institutions and to overcome the relative disadvantages its regional offices had in the area of international business. In this way the promotion of French agribusiness abroad began at the local level with what has amounted to an educational campaign.

The group's international department has been engaged in a campaign of its own in an effort to make Crédit Agricole known outside France. Observing international director Robert: "If you want to be an international bank, you have to act like one. You need locomotives; if you're Renault, you have them and it's clear who you are. It's not as obvious in our case."

To this end Crédit Agricole has embarked on a full range of international banking operations, opening accounts with foreign banks, buying and selling currencies, all based on sales relationships its own clients have in foreign countries. In its first year of operation, the international department handled 365,000 commercial transactions, a 30

per cent. increase over the previous year. But the bank has also been cautious in "means rather than an end", an important lender and participant in the exchange of foreign banks in particular, as well as in Eurocredit other banks, governments, foreign State agencies. It requires not only modernisation and greater productivity but also a new orientation on the part of farmers and agribusinessmen toward foreign markets. "Our objective is to co-operate with other banks in the agribusiness area," Robert, "rather than compete particularly active in: grain, commercial credits to developing countries; primarily interested in agriculture-related industries. Robert: "When I lend money to Mexico or the Ivory Coast, I am also extending purely financial credits to governments in Europe elsewhere to balance my portfolio. But our occupation is with agribusiness—Mousson: Pechiney Socialist programme remaining.

At the international level, Crédit Agricole more often works in partnership with other European co-operative banks, six of which formed the United Co-operative Banks group, or Unico, in 1975. The Caisse Nationale, Crédit Agricole also increases its participation in London Continental Bankers to 53 or a 17 per cent. sharehold and through LCB another in the creation of another sortium bank, the Zurich-based Bank Europäischer Genossenschaften, of which it holds 5 per cent. To strengthen more its presence internationally, Crédit Agricole open representative offices in month in Frankfurt and in year in Milan and New York. David Cuddeback

Lloyds Bank Group in France.

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Some recovery on the Bourse

FOR THE GREATER part of the past 18 months the Place de la Bourse on the fringe of the Paris rag-trade quarter has looked like a test-site for a neutron bomb experiment. The solid square block of the stock exchange has remained immovably in place faintly resembling a railway station built on classical Greek lines, but its denizens have moved with the shell-shocked air of depression.

The cause of the gloom was easy to find. In 1976 the Paris Bourse suffered the worst decline of all the industrial stock exchanges, with values declining by 17 per cent. overall and dealings in French variable-income holdings of 21 per cent. Even including the relatively buoyant sector overall dealings were 6 per cent. down on the year and new share issues totalled a mere Frs.1.2bn., leading the Bourse authorities to forecast gloomily that the Bourse itself was destined to go into permanent decline and that companies would find it virtually impossible to finance capital increases by issuing new shares.

The decline of 1976 accelerated into 1977, with the gloom over the fate of equity holdings deepened by the flood of fixed interest borrowing on the Bourse occasioned by the Government's substantial financial needs.

Nadir

Perhaps the end of April can be taken as marking the nadir of hope for the Bourse. The Left had romped home six weeks earlier in the local elections and looked better than odds-on to win the 1978 general election. The Government's economic policy was receiving almost contemptuously nominal support from the Gaullists who formed the biggest component in the ruling coalition. The unions had staged a series of strikes which were generally accepted as the most serious industrial unrest since the 1968 student-workers revolt. A number of important industrial sectors—notably steel—were on the verge of financial collapse and in need of urgent Government rescue, while the Government itself was preparing to issue a Frs.8bn. (later raised to Frs.9bn.) loan at 8.8 per cent. indexed to the European unit of account and accompanied by a series of fiscal advantages which seemed to strike the final death-blow to equities. In short there

was no reason for rational interest in shares and no-one could think of any reason for speculative interests.

Since then conditions have changed abruptly. To pick a plausible date again, on the night of May 12 the Prime Minister, M. Raymond Barre, won a clear edge in a televised political debate with M. François Mitterand, the Socialist leader. Barre immediately began to look a more substantial political champion for the conservatives than his self-confessed pre-occupation with an economic recovery programme had previously permitted him to demonstrate. The Bourse rose 4 per cent. the next day.

Then the next series of industrial disputes fizzled out and it looked as if the Government's wage limitation policy would not be challenged with any great conviction.

Finally, the best thing of all for the Bourse, the Socialist-Communist opposition coalition, failed completely to update its common programme and in the attempt to do so ruptured dramatically the alliance that had been expected to win the general election.

Immediately the political geography changed. The assumption that the monolithic Left would march to victory was no longer valid, and even if the next Government were to prove more Leftish than the previous the fears of a full-blooded collectivist administration impelled by the Communists towards State capitalism began to recede.

The Bourse reacted swiftly. Since June it has risen by some 28 per cent., largely because so many shares were depressed by political fears to values well below those justified by asset strength. In particular, Swiss, German and American interests are putting money back into the Bourse with shares like Peirrier, Schlumberger, L'Oréal and even Peugeot-Citroen benefiting.

But another shift in the political scene could clearly push this money out again, and it is necessary to examine the factors in play on the Bourse. These embrace politics, the bond market, the tax situation, and broad economic perspectives. Politics have dictated much of the Bourse's behaviour. The decisive factor has been, until recently, the assumption that the Socialist-Communist Left

would win the election and implement a programme to nationalise the banking and credit sector (notably the two big banks remaining under private control, Paribas and Suez), and nine big industrial groups including: St-Gobain-Pont-a-Mousson; Pechiney-Ugine-Kuhlmann; Rhone-Poulenc; Roussel-Uclaf; Cii-Honeywell Bull; and Compagnie Generale d'Electricite.

Severe

Not only would this have placed in State hands decisions affecting more than half the volume of industrial investment in France; the nationalisation programme itself was to go hand in hand with a sharp increase in minimum wages—to be felt throughout the income scale—and in social benefits, imposing severe extra demands on company taxation.

The method of acquisition of

the shares in the nationalisable companies was also not clear, with the Socialists preferring to convert shares into non-voting rights which could continue to be traded, while the Communists insisted on their conversion into holdings with a fixed maturity so that ownership would eventually pass exclusively to the State.

The break-up of the alliance of the Left has removed the sense of imminent doom from the Stock Exchange. The new optimism, however, rests on rather shaky foundations. First, the Socialists themselves remain committed to the nationalisation programme as originally drawn up in 1972. They refuse to enlarge it and refuse to interpret it as including subsidiaries where the parent company retains less than total control, but even with these riders the Socialist programme remains an extreme one.

CONTINUED ON NEXT PAGE



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FRENCH BANKING V

Growing presence by the Arabs

of the latest Arab bankers (UBAF) and Banque Arabe et Internationale d'Investissement (BAII), or directors of the more recent Beirut company who arrived in Paris. "We are very happy here. The relationship with the authorities is as it is with the banking community."

banking dealings out of London for "a shift in policy [by Europeans] to one aiming at making a direct contribution to the economic development of the Arab world."

in the balance sheet which at the end of last year stood at Frs. 4.3bn., an increase of 89 per cent. The bank's avowed intention to be more aggressive in the Eurodollar market is matched by its plan to be more active in Middle East real estate investment.

Core

His arrival has brought the number of Beirut banks now established as French banks to seven. Most of them kept ticking over in Beirut during the shooting and some have cautiously opened their Beirut doors wider since then.

Credit Lyonnais holds 32 per cent of UBAF and another 8 per cent is held by other French banks. UBAF in many ways was a political creation, part of the Gaullist pro-Arab policy, and it has played a major role in financing the Arab world's trade with France.

Jump

BAII has among its main shareholders the Banque Nationale de Paris, Bank of America, Barclays and the Abu Dhabi Government, as well as interests from Kuwait, Qatar and Saudi Arabia.

UBAF. An Arab and International Association in Banking and Finance. Logo with globe. Text: France: UNION DE BANQUES ARABES ET FRANÇAISES - U.B.A.F. London: UBAF BANK LIMITED. Rome-Milan: UNIONE DI BANCHE ARABE ED EUROPEE - U.B.A.E. (Italia) s.p.a. etc.



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Bourse

CONTINUED FROM PREVIOUS PAGE

all to regard the Bourse re-stream of issues by semi-State as a limited speculative bodies like the Credit National depending on the loss of the market for Frs.1bn. recently), regional development of the Left. An out-

11 per cent. for the top quality State-backed issue like Credit National to around 11.6 per cent for new private issues, it is not surprising that the equity market has felt the draught. On top of this there is a continuing heavy turnover in some gilts, particularly the State's 4 1/2 per cent and 7 per cent 1978 issues both of which are gold-indexed.

Rates

The franc has remained steady for a year, but if interest rates were to move upwards in the U.S., French rates would have to follow, and that would discourage investment. To allow the franc to slip would inflate imported raw material costs — notably energy — and add significantly to the repayment burden of the very substantial French franc Swiss franc and Deutschmark borrowings.

David Curry

General

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Burden

Nor does the burden of taxation on the corporate sector look like becoming lighter. The banking sector in particular feels itself hard done by because of the provision in the 1978 budget law to levy a special 17 per cent surcharge on bank and insurance company charges. The budget project also improves the tax allowance on share income from Frs.2,000 to Frs.3,000 to bring it into line with that applying to fixed interest revenue, and allows companies to revalue their amortisable as well as non-amortisable assets, though the gains thereby

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AUTHORISED UNIT TRUSTS

Table listing various unit trusts and their performance metrics. Columns include Trust Name, Manager, and various performance indicators like Growth, Income, and Dividend.

OFFSHORE AND OVERSEAS FUNDS

Table listing offshore and overseas funds, including names like Fidelity, King & Sharron, and their respective details.

BASE LENDING RATES

Table showing base lending rates for various banks and financial institutions, listing the bank name and the rate percentage.

FOOD PRICE MOVEMENTS

Table showing food price movements for various commodities like wheat, sugar, and oil, with columns for price per ton and percentage change.

INSURANCE, PROPERTY, BONDS

Large advertisement for insurance, property, and bonds, featuring logos for various companies like Sun Life, Prudential, and others, along with contact information.

FT SHARE INFORMATION SERVICE

DRIVERS JONAS Chartered Jonays London Aberdeen Milan

BRITISH FUNDS

Table of British Funds with columns for Name, Price, and Yield. Includes sections for 'Shorts (Lives up to Five Years)', 'Five to Fifteen Years', and 'Over Fifteen Years'.

INTERNATIONAL BANK

Table for International Bank with columns for Name, Price, and Yield.

CORPORATION LOANS

Table of Corporation Loans with columns for Name, Price, and Yield.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth & African Loans with columns for Name, Price, and Yield.

LOANS (Miscel.)

Table of Miscellaneous Loans with columns for Name, Price, and Yield.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails with columns for Name, Price, and Yield.

AMERICANS

Table of American Stocks with columns for Name, Price, and Yield.

AMERICANS—Continued

Continuation of American Stocks table.

CANADIANS

Table of Canadian Stocks with columns for Name, Price, and Yield.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase with columns for Name, Price, and Yield.

HIRE PURCHASE, ETC.

Table of Hire Purchase, etc. with columns for Name, Price, and Yield.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits with columns for Name, Price, and Yield.

CINEMAS, THEATRES AND TV

Table of Cinemas, Theatres and TV with columns for Name, Price, and Yield.

DRAPERY AND STORES

Table of Drapery and Stores with columns for Name, Price, and Yield.

BUILDING INDUSTRY—Cont.

Continuation of Building Industry table.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads with columns for Name, Price, and Yield.

CHEMICALS, PLASTICS

Table of Chemicals and Plastics with columns for Name, Price, and Yield.

DRAPERY AND STORES

Table of Drapery and Stores with columns for Name, Price, and Yield.

DRAPERY AND STORES

Table of Drapery and Stores with columns for Name, Price, and Yield.

DRAPERY AND STORES—Cont.

Continuation of Drapery and Stores table.

ELECTRICAL AND RADIO

Table of Electrical and Radio with columns for Name, Price, and Yield.

ENGINEERING MACHINE TOOLS

Table of Engineering Machine Tools with columns for Name, Price, and Yield.

ENGINEERING

Table of Engineering with columns for Name, Price, and Yield.

ENGINEERING

Table of Engineering with columns for Name, Price, and Yield.

ENGINEERING—Continued

Continuation of Engineering table.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, etc. with columns for Name, Price, and Yield.

HOTELS AND CATERERS

Table of Hotels and Caterers with columns for Name, Price, and Yield.

HOTELS AND CATERERS

Table of Hotels and Caterers with columns for Name, Price, and Yield.

Table of Hotels and Caterers (continued).

INDUSTRIALS (Miscel.)

Large table of Industrial stocks with columns for Name, Price, and Yield.

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INDUSTRIALS—Continued

Table of industrial stocks including companies like British Petroleum, ICI, and others with columns for stock price, high, low, and volume.

INSURANCE—Continued

Table of insurance stocks including companies like Sun Alliance and Commercial Union with columns for stock price, high, low, and volume.

PROPERTY—Continued

Table of property stocks including companies like British Land and Anglo-Bohemian with columns for stock price, high, low, and volume.

INV. TRUSTS—Continued

Table of investment trusts including companies like British Venture and Anglo-Bohemian with columns for stock price, high, low, and volume.

FINANCE, LAND—Continued

Table of finance and land stocks including companies like Anglo-Bohemian and British Venture with columns for stock price, high, low, and volume.

MOTORS, AIRCRAFT TRADES

Table of motors and aircraft trades including sub-sections for Motors and Cycles, Commercial Vehicles, and Components.

SHIPBUILDERS, REPAIRERS

Table of shipbuilders and repairers including companies like Harland & Wolff and Swan Hunter.

SHIPPING

Table of shipping companies including companies like P&O and Cunard.

SHOES AND LEATHER

Table of shoes and leather goods including companies like Clarks and Dunlop.

SOUTH AFRICANS

Table of South African stocks including companies like Anglo-Bohemian and Anglo-American.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publishing stocks including companies like News International and Newsprint.

PAPER, PRINTING, ADVERTISING

Table of paper, printing, and advertising stocks including companies like Newsprint and Advertising.

TEXTILES

Table of textile stocks including companies like British Textiles and Anglo-Bohemian.

PROPERTY

Table of property stocks including companies like British Land and Anglo-Bohemian.

TOBACCOS

Table of tobacco stocks including companies like British American Tobacco and Anglo-Bohemian.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including companies like British Venture and Anglo-Bohemian.

FINANCE, LAND, etc.

Table of finance, land, and other stocks including companies like Anglo-Bohemian and British Venture.

OILS

Table of oil stocks including companies like Anglo-Bohemian and Anglo-American.

OVERSEAS TRADERS

Table of overseas traders including companies like Anglo-Bohemian and Anglo-American.

RUBBERS AND SISALS

Table of rubber and sisal stocks including companies like Anglo-Bohemian and Anglo-American.

TEAS

Table of tea stocks including companies like Anglo-Bohemian and Anglo-American.

MINES

Table of mine stocks including companies like Anglo-Bohemian and Anglo-American.

CENTRAL AFRICAN

Table of Central African stocks including companies like Anglo-Bohemian and Anglo-American.

EASTERN RAND

Table of Eastern Rand stocks including companies like Anglo-Bohemian and Anglo-American.

FAR WEST RAND

Table of Far West Rand stocks including companies like Anglo-Bohemian and Anglo-American.

NOMURA The Nomura Securities Co., Ltd. NOMURA EUROPE N.V. LONDON OFFICE: 5, Abchurch Lane, London EC4A 3DF, England. Tel: 011 406-3411 EN33.

MINES—Continued

Table of mine stocks including companies like Anglo-Bohemian and Anglo-American.

AUSTRALIAN

Table of Australian stocks including companies like Anglo-Bohemian and Anglo-American.

TINS

Table of tin stocks including companies like Anglo-Bohemian and Anglo-American.

COPPER

Table of copper stocks including companies like Anglo-Bohemian and Anglo-American.

MISCELLANEOUS

Table of miscellaneous stocks including companies like Anglo-Bohemian and Anglo-American.

NOTES

Notes section containing various financial notices and announcements.

REGIONAL MARKETS

Regional Markets section providing information on regional stock exchanges.

OPTIONS

Options section listing 3-month call rates for various stocks.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks including companies like Anglo-Bohemian and Anglo-American.



Sir Richard Dobson's job threatened

By Terry Dodsworth, Motor Industry Correspondent

THE FUTURE of Sir Richard Dobson as chairman of British Leyland was under serious challenge last night...



Sir Richard Dobson: under attack

The speech, secretly recorded and smuggled out to the Socialist Challenge newspaper...

Left-wing MPs will be taking up the matter with the Government immediately...

An attempt by Sir Richard to defuse the issue seemed to have failed last night...

At one point in the speech, delivered at the Dorchester Hotel...

These remarks come when the company is trying to persuade the workforce to accept a revolutionary pay and bargaining system...

Blumenthal speech boosts \$

By Colin Milham

INDICATIONS that the U.S. Administration is not looking for a further depreciation of the dollar led to a sharp turnaround in the foreign exchange market yesterday morning...

The movement followed Wednesday's speech by Mr. Michael Blumenthal, the U.S. Treasury Secretary...

His comments prompted demand for the U.S. unit in New York that night...

This is the first time in recent weeks that his comments have had a beneficial influence on the dollar...

During the morning, the dollar's trade-weighted depreciation narrowed to 1.06 per cent...

It retreated later however, as the market took a more cautious view of Mr. Blumenthal's remarks...

There was no clear pattern of intervention by European central banks yesterday...

S. Africa warning of further clampdown

By Quentin Peel

Senior South African Government leaders today warned that more newspapers and organisations would be added to the list of those banned yesterday if there was any further threat to national security...

The tough Government line came in response to outraged protest from both black and white opposition leaders...

In New York, African members of the United Nations called for an urgent meeting of the Security Council...

Continued from Page 1

Money supply rises sharply

Sales of public sector debt to the general public again exceeded the public sector borrowing requirement...

There was also an exception, a large increase in the narrower definition of the money stock (M1)...

This rose by 88.1% or 4.4 per cent, seasonally-adjusted, with a substantial jump in interest-bearing sight deposits.

Heavy Ford vote for 12% British Oxygen talks of cuts in programme

By Our Labour Staff

ON A key day for voting by Ford Motor workers, dayshift workers at the company's two large Dagenham plants decided yesterday 'overwhelmingly' to accept the offer of a 12 per cent pay increase.

Vauxhall, which usually takes its cue on pay from Ford, was hit by a protest strike of about 3,000 skilled men at Luton and Dunstable seeking restoration of craft pay differentials.

The Ford vote by 6,500 at the Dagenham engine and body plants means that final acceptance of the company offer is virtually assured.

Shopfloor voting this week, bringing the total of plant-level decisions in favour to nearly half-Ford's 23 plants with none against, is considered likely to be echoed by the rest of the week.

The final result should be known on Sunday, when the large Halewood plant at Liverpool is expected to hold its mass meeting to decide.

The results have been encouraging for the Government, which before the union's decision to take the issue to grass roots was faced by a union claim for 15 per cent.

Nevertheless, the company offer is in breach of the 10 per cent guideline. The extra amount from recent fringe benefits, including better pensions and holiday entitlements, has still to be fully assessed.

There is uncertainty whether yesterday's voting results mean that the company can technically be sure of having its offer accepted by union leaders.

After last night's shift voting at Dagenham and elsewhere is expected to see more than half Ford plants backing the deal.

But while it is believed in some quarters that the final result will be decided on whether a majority of plants vote in favour, union leaders in the company claimed that only one plant need say 'no' and the Ford national joint negotiating committee might find itself round a table again.

It is feared that the issue of layoff pay, still unresolved from the shopfloor point of view in some plants, may yet influence votes.

The Vauxhall craftsmen held a mass meeting in Dunstable today.

The company said it could keep production going if the rest of the 18,000 workers at the two plants would accept redeployment, but strike leaders predicted a complete shutdown today.

The ballot of 100,000 British Leyland car workers on pay bargaining reforms is to be conducted by post under the supervision of the Electoral Reform Society.

Engineering deals, Page 19

STAGE THREE DECISIONS . . . AND A THREAT

AS THE strike of manual workers at British Oxygen entered its twelfth day, the company revealed details of a £40m U.K. investment programme that may be threatened unless the 3,000 strikers return to work.

Over 12,000 workers across most sectors of the engineering and metal fabrication industries have now been laid off as a result of the industrial action.

British Oxygen had now lost £3m of gas sales since Dr. Graham Winfield, chief executive of the gas division, warned that a continuation of the strike put in jeopardy the £40m investment programme which came into effect at the beginning of the month.

To meet the offer of a 10 per cent pay rise put to the unions, the company would have to find an extra £15m, said Mr. Winfield.

The investment, which would be financed internally, was earmarked for the gas division, and included substantial amounts for increasing the capacity of the company's air separation plant at Middlesbrough for linking with the British Steel Corporation's Redcar works.

It would also be used to re-establish a liquid oxygen plant at Brinsford, Rotherham and to buy bulk liquid and cylinder transport.

In addition there would be substantial investment in cylinders and in liquid gas storage tanks.

Only a small number of jobs would be created. Over 12,000 workers in engineering and metal fabrication industries the shortage of oxygen for metal-cutting worsened.

Mr. Eric Cross, president of the British Scrap Federation, said that ferrous scrap companies were affected by the strike, as the shortage of oxygen for metal-cutting worsened.

Christian Tyler writes: Ministers are said to be keeping the British Oxygen deadlock 'under review' to see if there are any alternatives to call either the company or the unions into the Department of Employment, The Confederation of British Industry made an urgent plea on Wednesday to the Chancellor of the Exchequer for Ministerial intervention.

Pipefitters' deal may provoke sanctions

By Pauline Clark, Labour Staff

EMPLOYERS and union leaders for about 33,000 skilled pipefitters in private contracting firms have been told that if they implement their recent agreement for a 20 per cent pay increase they will face Government sanctions for passing the 10 per cent guideline.

The warning, believed to be the first directed at a negotiated national agreement, has placed the employers, who estimate that half their work comes from public contracts, in a difficult position.

While the employers claim to have made clear that the settlement was subject to Government approval, union representatives have refused to consider joint visits to the Department of Employment.

Apparently believing that the negotiated agreements must stand, they have not responded to the idea of renegotiation. The Heating and Ventilating Contractors' Association, which has about 1,000 companies often employing less than 20

THE LEX COLUMN

Pushing up to the money targets

Only a week after the Governor of the Bank of England's speech at the Mansion House last year, sterling had dropped nearly 10 cents to reach its all time low of \$1.55. This time round sterling is straining at the leash to go higher and, as the Governor was pointing out last night, the financial turnaround is a 'spectacular demonstration' of what confidence can achieve.

But the Governor skated clear of the debate on the sterling exchange rate and instead addressed himself to the need to persevere with monetary targets over the long run.

Over the long run, while underlining the difficulties in forecasting the month-by-month moves in the money stock, the Governor looked back on the first year's experience with monetary targets with 'cautious satisfaction'.

However, yesterday's September money supply figures only serve to highlight the problems now facing the authorities.

Last week's banking figures—eligible liabilities rose by 2.9 per cent in September—had already sounded a warning note, but the 2.2 per cent rise in sterling M3 is still at the top end of the range, and the money stock virtually up to the ceiling of its 9.13 per cent target range.

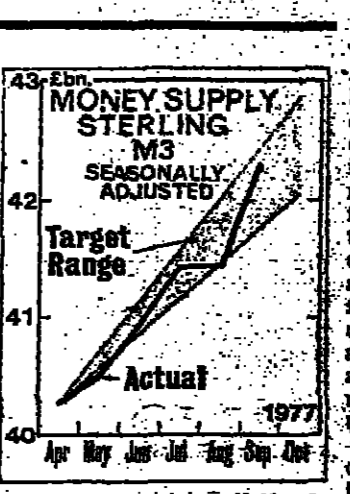
It now seems clear that the August money supply figures which showed no growth at all were erratically low. In the September banking month gilt sales exceeded £1bn, but this was more than offset by the foreign currency inflows which were over three times the previous month's level.

And although the Government Broker has sold a considerable amount of gilts in the latest banking month which finished yesterday, Wednesday (October) the foreign currency inflows have continued and it seems probable that the October money supply figures will burst through the Government's 13 per cent upper target limit.

The only consolation about the figures is that after last month's fall, domestic credit expansion grew by a mere £145m, principally because bank lending to the private sector rose by only £280m.

During the first five months of the financial year, DCE accounted to under £1bn which is comfortably below the limit of £7.7bn for 1977-78.

Index fell 1.7 to 516.9



COMPANIES negotiating the aerospace companies were nationalised at the start of the year. While Hawker Siddeley has already been 50 per cent of the of loans which have been put to the Government, the aerospace loan of £200m. The group is say more than that if it expects a minimum of £200m aerospace loans, the sum makes are significantly this.

Peacocks

The revaluation of Peacocks' net assets emerges at 181p per share, figures at the top end of estimates, and implies a commercial element in the portfolio, which accounts about three-fifths of the rise by about a fifth in the period between March and the middle of last year. It also puts an effective stop on scavenger takeovers such as the current offer of Allied-London, which is 55p per share.

Hawker Siddeley

Hawker Siddeley is moving smoothly through its nationalisation phase. Excluding the aerospace business, attributable profits after six months are up 31 per cent, mainly on the back of U.K. sales which increased by 21 per cent to £270m, representing 66 per cent of total turnover. By contrast, sales by the aerospace subsidiaries, the most important of which is Hawker Siddeley Canada, were stagnant.

Weather

CLOUDY with rain and some sunny intervals. London, S.E. and Cent. S. England, E. Anglia, and E. Midlands. Rather cloudy with outbreaks of rain. Brighter later. Max. 17C (63F).

Business Centres

Table with columns for City, Day, and Ytd. Includes cities like Amsterdam, Athens, Barcelona, etc.

Holiday Resorts

Table with columns for City, Day, and Ytd. Includes cities like Algiers, Athens, Barcelona, etc.

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